The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Japanese Squabble for the Control of North China Resources

ARTICLES IN THIS ISSUE

Wm. P. Hunt Buys China Merchants Wharves, Ships, Godowns

Herman Liu, Outstanding Chinese Educational Leader

Japan's "Robber Barons" Fight for Supremacy in North China

Japanese Reverses in Shantung Cause Tokyo Peace Talk

Will Hitler Retrieve Former Colonies of the German Empire?

Outstanding Events in the Sino-Japanese War

Does Japan Want to Fight Soviet Russia?

American Organizations Push Drive for Relief Work in China

Japan's Foreign Trade, Industry Hits Snag

Hsuchow—Where China's Unification Received Its First Real Foothold . . . . . By C. Y. W. Meng

Texas Cotton Seeds for Szechuen and the Future of Gold Sand River . . . . . By Hin Wong

Japan Can Never Conquer China . . . . By Hubert S. Liang

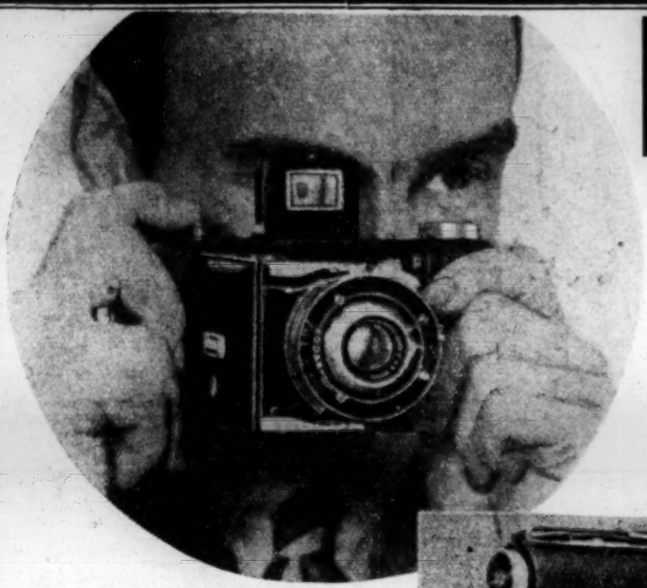
Japanese Pour Funds Into America to Block Silk Boycott . . . . . By George Kao

SATURDAY, APRIL 16, 1938 VOLUME 84, NUMBER 7

THIRTY CENTS A COPY

(In Shanghai)

FORTY CENTS ELSEWHERE



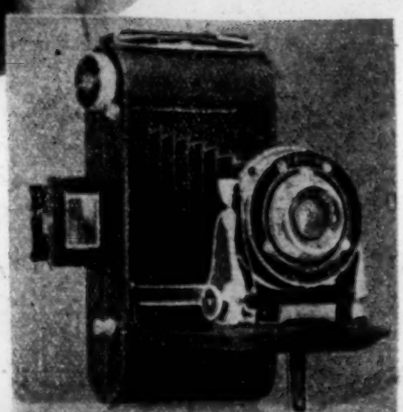
KODAK SENIORS

Six-16 and Six-20

with Kodak Anastigmat f.6.3 lens

KODAK SENIORS, Six-16 and Six-20, are new cameras of moderate price that bring you the latest in design and equipment.

The new shutter release, located on the body of the camera, allows you to hold the camera firmly in both hands while sighting through the new optical direct-view finder. The beautifully machined bed braces are finished in black enamel and chromium; a large knurled knob facilitates winding film.



Lens is Kodak Anastigmat f.6.3; shutter, dependable Kodex. The Kodak Senior Six-20 is for 2¼ x 3¼ negatives; the Six-16, 2½ x 4¼. See them at your Kodak dealer's.

EASTMAN KODAK CO.
185 Yuen Ming Yuen Road,
Shanghai.

A. B. C.

SPECIAL SALE

SHIRTS

TENNIS SHIRTS	$ 1.15
SILK SHIRTS	„ 4.28 Up
SPORT SINGLETS	2 for „ 0.95
„ „	3 for „ 0.95
UNION SUITS	„ 1.80
WOOL SWIMMING SUITS	„ 3.60

CHILDREN'S DRESSES

BOYS' SUITS	$ 1.95
SCHOOL GIRLS UNIFORM	„ 1.15

SPORT GOODS

VOLLEY-BALL, BASKET BALL, FOOTBALL	LESS 50%
IMPORTED TENNIS RACKETS	„ 50-90%
KEDS SHOES	„ 50%

562 NANKING ROAD A. B. C. UNDERWEAR CO. TEL. 91064-5

密勒氏評論報
The China Weekly REVIEW

Formerly Millard's Review

中華郵政特准掛號立券之報紙

Registered at the Chinese Post Office as a Newspaper for transmission with special marks privileges in China

Volume 84 | Shanghai, China, Saturday, April 16, 1938 | Number 7

THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED BY THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA.

J. B. POWELL, Editor and Publisher; EARL A. SELLE, Assistant and Financial Editor; HOH CHIEH-SHIANG, Editorial Dept.; T. V. KU, Advertising Dept.; F. K. CHAO, Business Dept.

YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U.S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U.S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

BY AIR-MAIL—TO HANKOW AND ELSEWHERE IN CENTRAL, WEST, NORTHWEST AND SOUTHWEST CHINA THE RATE IS $28 A YEAR OR $15 FOR A HALF-YEAR.

Contents

Editorial Paragraphs

Wm. P. Hunt Buys China Merchants Wharves, Ships, Godowns 173
Herman Liu, Outstanding Chinese Educational Leader..... 174
Japan's "Robber Barons" Fight for Supremacy in North China..... 175
Japanese Reverses in Shantung Cause Tokyo Peace Talk..... 179

Special Articles

Japan's Foreign Trade, Industry Hits Snag..... 182
Hsuchow—Where China's Unification Received Its First Real Foothold .....By C. Y. W. Meng 184
Will Hitler Retrieve Former Colonies of the German Empire?..... 186
Texas Cotton Seeds for Szechuen and the Future of Gold Sand River .....By Hin Wong 188
Outstanding Events in the Sino-Japapese War ... 189
Does Japan Want to Fight Soviet Russia?..... 192
American Organizations Push Drive for Relief Work in China..... 193
Japan Can Never Conquer China .....By Hubert S. Liang 196
Japanese Pour Funds Into America to Block Silk Boycott..... By George Kao 198
Who's Who in China 199
Men and Events 200
New Books of Interest in the Far East..... 202

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS," COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES.

COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

WM. P. HUNT BUYS CHINA MERCHANTS WHARVES, SHIPS, GODOWNS

WM. P. HUNT, who came to China as a vice-consul at Tientsin, thirteen years ago, but resigned his job to engage in business in Shanghai, has become the head of an American corporation which has taken over the properties of the China Merchants Steam Navigation Company. According to a report from Hongkong (April 6) T. V. Soong, former Finance Minister, made a quick trip to Hongkong for the purpose of signing a contract whereby Wm. P. Hunt and Company become the proprietors of the Chinese concern which owns wharves and docking facilities, extensive warehouses and a fleet of 48 merchantmen. Wharves, warehouses and sheds are located at Shanghai, Canton, Swatow, Amoy, Chinkiang, Wenchow, Changsha, Hankow, Nanking, Tsingtao and Tientsin. Aside from a few steamers seized by the Government and sunk in Yangtsze to form booms and some others seized or sunk by the Japanese, the remainder of the fleet is sheltered in Hongkong waters to prevent Japanese seizure. Four steamers, built in England in 1934 with British Boxer Indemnity funds, are held by the British and were excluded from the deal.

Wharves of the company at Shanghai, Nanking, Tsingtao and Tientsin, which are now held by the Japanese Navy, are expected to be turned over to Mr. Hunt, otherwise the matter of Japanese occupation will shortly become a subject of strong diplomatic protest.

In 1936 the China Merchants Steam Navigation Company obtained a loan from the Hongkong and Shanghai Bank amounting to $13,000,000 and another from the National City Bank amounting to $1,500,000.

Value of the property to be taken over by the American Company is said to exceed $100,000,000, according to a Japanese report which hinted that the transfer might be attended by extreme difficulties due to the recent announcement of the Japanese military authorities that

they would not recognize any transfers of property by the Kuomintang Government at Hankow. None of the reports, thus far, have indicated the attitude of the American Government, but on two occasions several weeks ago the American authorities compelled the Japanese to relinquish American shipping property which had been seized in the Whangpoo.

There is dramatic interest in the transfer to American interests of the China Merchants Steam Navigation Company because that important shipping concern once belonged to Americans, the old Boston firm of Russell and Company which numbered among its executives, one of the forebears of Franklin Delano Roosevelt. Russell and Company lost out because of complications due to the American civil war in the middle of the last century. The shipping interests were sold to a Chinese concern which had close official affiliations. That was some 60 years ago and while China and her leading shipping company experienced innumerable vicissitudes, the Chinese managed to maintain control of the company. Recently as a result of financial complications the National Government assisted in reorganizing the company and helping it obtain fresh finances.

Negotiations for the sale of the Company to the American concern were speeded up in order to prevent the Peiping and Nanking puppet governments from attempting to seize the properties.

HERMAN LIU, OUTSTANDING CHINESE EDUCATIONAL LEADER

WHOEVER it was among the Chinese rascals and traitors who make up the so-called Ta Tao government in Pootung, or their Japanese backers, who selected Dr. Herman C. E. Liu for assassination, was responsible for one of the most dastardly crimes which has been perpetrated since the beginning of the present hostilities.

Dr. Liu was shot through the head from behind and instantly killed by a Chinese gangster, using a high-powered revolver, at about 8:30 o'clock on the morning of Thursday, April 7. Dr. Liu, who was accompanied by his son and sister, had left his home on Sun Avenue and was standing at the curb on Bubbling Well Road awaiting the bus to ride downtown. According to other passengers, three gunmen appeared, one of whom placed a pistol almost against the back of Dr. Liu's head and pulled the trigger. He tried to fire more shots but the gun jammed. One of the thugs was chased by Dr. Liu's young son and other persons, who saw the shooting, and was captured. A Settlement police sergeant, George Wade, who was nearby, was shot through the ankle in the ensuing gun battle in which one Chinese was killed and three others, including a women, wounded.

The gunman, when arraigned in the First Special District Court on the following morning, gave his name as Tsung Zeu-keng, said he was a native of Chekiang and claimed that the fatal shot had been fired by his associate Ngoh Pei-ming, who escaped. He said that the three had been sent to the International Settlement from Pootung (where the puppet Ta Tao Government has its headquarters) by one Lee Yu-pu, leader of a "special corps." He said that the three had been given two automatic pistols and a mauser; that he and one Shao Sung-dau received the automatics while the third, Ngoh Pei-ming received the mauser; that each received eight rounds of ammunition. They spent the previous night in a house in the vicinity and apparently had followed Dr. Liu to the bus stop.

Dr. Herman C. E. Liu

When questioned by Y. D. Wong, assistant municipal advocate, Tsung Zeu-keng, the accused, said he was an ex-soldier, and that he had been told that Dr. Liu was planning to accept the post of civil governor of Kiangsu, presumably offered by the "Reformed" puppet administration in Nanking.

It was reported that two previous attempts had been made to kill Dr. Liu, one consisting of a basket of fruit sent to him which was found to be poisoned. Dr. Liu's suspicions were aroused when he examined the card which was attached to the basket. It was the card of a missionary friend who had been dead for two years. Dr. Liu also had received several threatening letters recently.

Aside from the statement that he had merely desired to frighten Dr. Liu, the gangster under arrest, refused to make any further statement.

Dr. Herman Chan-en Liu, President of the University of Shanghai (formerly Shanghai Baptist College) was born at Hanyang, Hupeh, in 1896. He received his primary education in a Baptist Mission School at Hanyang, and, according to a correspondent in the *North-China Daily News*, he was sent to Kiukiang when he was 11 or 12 years of age and enrolled in the primary department of William Nast College where he studied for eight years. He then went to Soochow University where he specialized in chemistry with the object of taking a medical course at Chicago University. While at William Nast College, Young Liu became a Christian and was affiliated with the Baptist church. After entering Chicago University, he was induced, by a former teacher, Dr. C. F. Kupfer, to change to the Teacher's course. After receiving the M. A. degree at Chicago he went to Teachers' College, Columbia, where he received the Ph. D. degree.

Dr. Liu was first connected with the Y. M. C. A. upon his return from the United States and represented the Chinese branch at the world conference of that organization at Helsingfors, Finland in 1926. He also served as secretary of the Chinese educational commission

which attended the Conference on Limitation of Armament and Far Eastern Questions at Washington in 1921-1922. He then took up educational work and for a time served as professor of education at Great China and Kwanghua Universities and also as research director of the National Vocational Educational Association. He was appointed President of the University of Shanghai in 1932, a position which he held to the time of his death.

Through his writings and attendance at international conferences and frequent lecture trips to the United States, Dr. Liu became known in educational circles abroad. He was particularly active in the work of the Institute of Pacific Relations, the conferences of which he had attended in the United States and elsewhere. He was the founder of the China Institute of International Relations, and quite recently was one of the organizers of the Shanghai Cosmopolitan Club.

If one would search for an immediate motive for the murder of Dr. Liu at the hands of agents of the gangsters and criminals who make up the puppet organization in Pootung, it probably was concerned with Dr. Liu's plans to depart shortly on a trip to the United States where he was scheduled for a course of lectures in the middle western states. An article in the Japanese paper, *Shanghai Nippo*, on the day following Dr. Liu's murder alleged that the Chinese educator was head of the National Salvation Association of Shanghai Cultural Groups and during the recent fighting had been active among students and cultural groups in promoting anti-Japanese activities. Continuing, the report in the *Nippo* charged that Dr. Liu had tried to "cause dissention among the higher officials of the so-called Reformed Government at Nanking, prior to the organization of the puppet group."

As stated in the opening paragraph of this discussion, the murder of Dr. Liu was one of the most dastardly crimes perpetrated since the coming of the Japanese invaders to these shores. Owing to Dr. Liu's long connection with Christian educational work in China and his intimate association with educational leaders in the United States, the manner and motives for his "elimination," by political gangsters who are closely connected with Japanese militarists, will produce a deep impression in the United States.

The funeral services for Dr. Herman C. E. Liu were held at Community Church on April 9. Dr. T. C. Bau, secretary of the Chekiang-Shanghai Baptist Convention and vice-president of the Board of Trustees of the University, presided at the service. Prayer was given by Dr. Daniel Fu of the Y.M.C.A. and Rev. C. H. Wong, pastor of the East Shanghai Baptist Church of which Dr. Liu was a member. There were several songs by the university choir, composed of students, following which there was an address by Dr. C. G. McDaniel, member of the University board and senior member of the Central China Mission of the Southern Baptist Convention.

The pallbearers were, Dr. John Y. Lee, chairman of the University Board; Dr. J. Usang Ly, chairman of the national committee, Y.M.C.A.; Dr. Fong Sec, governor of China district, International Rotary; Dr. M. T. Rankin, representative of the Foreign Mission Board of the Southern Baptist Convention; A. F. Ufford, member of American Baptist Foreign Mission Society; T. K. Van, dean of the University and Acting President; Percy Chu, chairman of the alumni association; Wang Tzu-fu, representative of the student group. The body was buried at Hungjao cemetery.

Dr. Liu is survived by his wife, who was Miss Frances Wong, also well known in educational and social service work. They have two sons and a daughter.

Japan's "Robber Barons" Fight for Supremacy in North China

TO Japan, North China is an Eldorado whose immense riches will finance her plans for Imperial expansion.

Japan's apologists may speak of her "sacred mission to establish lasting peace in East Asia" or of her duty to "defend Civilization from Communism". These mystic declarations mean nothing. They are intended to supply Japan's "case against China" with crutches, without which the case would instantly collapse.

The Japanese Army did not go to war because of any crusading spirit. It launched the hostilities because Japan wants North China.

Japan's industries need raw materials and customers, both of which North China supplies in abundance. Japan needs a vast foothold, enabling her to advance her ambitious plans for continental dominance. She, finally, needs a base for a jump upon Russia. North China is made to fit every Japanese requirement. This is why every Japanese today talks, thinks and dreams of North China.

In Tokyo, Cabinet Ministers ponder over plans for a major-scale quick-result economic development of the region. The super-trusts of Tokyo and Osaka are vying with each other for the right to monopolize the industries of the newly-conquered territory. Traders, big and petty, are scheming to recoup their war losses by applying the full force of high-powered salesmanship to North China's hundred millions inhabitants. Fortune-seekers, special investigators, prospective investors and lobbyists cram every Tientsin-bound ship to the brim.

Scenes witnessed five years ago in Manchuria are being re-enacted today on a larger scale

in North China. When last year Manchuria had but to beckon to get the cash it needed, now there is an acute shortage of funds, for every available sen has been gathered by the Japanese investors for a plunge into the "new world".

Some huge concerns that once formed the mainstay of the Manchurian economy had even gone to the extent of retiring from the new Empire, into whose industrial development they had sunk millions of yen, to transfer their attention to the virgin soil of North China.

The choice now lies between Manchuria and North China,—it cannot be both, for Japanese bankers cannot bear the burden of simultaneously building two vast economic empires.

Manchuria has deceived investors' expectations of quick returns. The funds are, therefore, being shifted sorthward, to the Eldorado, invitingly stretching between the Great Wall and the Yellow River.

Any program of economic development of North China must, chiefly because of internal Japanese political considerations, be based on two premises,—major-scale operations, quick returns.

This means that the task must be borne by powerful concerns, capable of making a vast outlay of capital and possessing well-organized, well-trained staffs. No place is left in the scheme of things for a small investor.

The main aspirants for the undertaking are three:—the U.S.$230,000,000 South Manchuria Railway Company; the $15,000,000 Hsing Chung Kungssu; and the $15,000,000 Oriental Development Company.

Ever since the occupation of Peiping and Tientsin and the relentless drive of the Japanese Army southward, there has been a bitter rivalry among these three concerns, further accentuated by the histrionics of their heads. Foes for some time, these men were unwilling to allow each other to become the "Tsar" of the new Japanese economic empire in North China.

For decades, the South Manchuria Railway Company has been the backbone of the Manchurian economy. With the advent of Manchukuo in 1932, the concern has been given a virtual monopoly in practically every field of non-military endeavor, from coal-mining to operating agricultural experimental stations.

Yosuke Matsuoka, in whom the fiery ambitions of an empire-builder blend curiously with the energy and Americanisms acquired during his school days in Oregon, is the head of this twentieth century's East Indies' Company.

Matsuoka is frankly and outspokenly an extreme nationalist, for whom the concern he heads is a huge cannon which he uses to make breaches in the walls blocking Japan's continental expansion.

In 1933, he led the Japanese delegation out of the League of Nations, when that august body dared to criticise his country's actions in Manchuria. Subsequently, on his appointment to the presidency of the railway concern, he had expressed himself in favor of dealing drastically with the ubiquitous Red Bear.

Yosuke Matsuoka, President of the South Manchuria Railway Company.

Yoshisuke Aikawa, head of the newly formed Manchurian Heavy Industries Company and other war-expanded industries which have a total capitalization of Yen 800,000,000, embracing 18 affiliated and 131 related concerns.

Matsuoka is a star of presently undeterminable but doubtlessly intense brightness. With 200,000 jobs and a vast slush fund at his disposal, he has, until today, been feared and respected. In October, he was appointed a member of the Government's "super-brain trust", which is said to have superseded the Cabinet in the formulation of vital national policies.

The South Manchuria Railway Company has been deeply interested in North China for the past three years. At the end of 1936, it had 140 special investigators in the region, studying its natural resources, agriculture, trade and possible railway routes.

As many another Japanese and foreigner, Matsuoka knew at the outset of current incident that it represented Japan's bid for a place under the sun. He, therefore, immediately began to prepare a comprehensive plan for the economic development of North China.

The scheme was based on the assumption that the region was to become a part of the Japanese economic structure and that the S.M.R. was to be placed in charge of economic operations in the vast and fertile areas north of the Yellow River.

Realizing that this plan would meet with bitter opposition from rival groups and conscious of his importance in the Japanese political scene, Matsuoka submitted it to the Government late in October with a clear intimation that its rejection would be immediately followed by his resignation.

The shareholders of the company in December expressed their support of the plan, declaring that it was the concern's "mission" to develop North China and urging the grant of

full control to the S.M.R. over the construction of railways and harbors, coal mining and "other major industries".

Paradoxically, Matsuoka's maneuvers were further stimulated by the successful termination of the Kwantung Army's campaign to deprive the S.M.R. of all its non-railway activities. Defeated, Mr. Matsuoka had the satisfaction of knowing that the transfer of the S.M.R. interest in its auxiliary concerns to a newly-formed semi-official firm supplied him with sufficient funds for launching new operations in North China. Shorn of his grandeur in Manchuria, he was hoping to recoup his fortunes south of the Great Wall.

The concern which took over the auxiliary enterprises of the S. M. R. was known as the Manchurian Heavy Industries Company which was headed by Japan's "war millionaire" Yoshisuke Aikawa, whose farflung pyramid of war industries have total capitalization of Y.800,000,000 and embrace 18 affiliated and 130 otherwise related concerns. Aikawa is planning to proceed to the United States shortly for the purpose of trying to borrow money to develop his holdings in the puppet state of Manchukuo.

But Matsuoka's preparations for building a new empire in North China were matched by another "Little Napoleon", Shinji Sogo, the ultra-patriotic President of the Hsing Chung Kungssu.

Both Mr. Sogo and his firm are curious phenomena. The Hsing Chung Company was created by the South Manchuria Railway Company as its auxiliary concern two years ago for the specific purpose of taking care of the S.M.R.'s activities in North China. Mr. Sogo, a director of the S.M.R. on unfriendly terms with Mr. Matsuoka, was "exiled" to Tientsin.

At first, there was little progress. Only a few months after the inauguration of the company for the specific purpose of developing North China's economy through Sino-Japanese co-operation, Mr. Sogo admitted ruefully that the Chinese appeared to be slow in asking for assistance or making definite proposals.

For about two years, the firm's only achievements were: the establishment of the Tientsin Electric Power Company, capitalized at U.S.$2,300,000; the Tangku Transport Company, capitalized at $870,000; and the Huitung Aviation Corporation, maintaining Peiping-Tokyo service, capitalized at $430,000. Sporadic, but important plunges, were also made into the salt, iron, coal and other industries.

Although the firm and Mr. Sogo were receiving a fair amount of publicity, both seemed destined for oblivion. Fate, however, ruled otherwise. Gen. Hayashi, the bemoustached and unbrilliant ex-Minister of War, was commanded to form a new Cabinet.

Apparently for no other reason than Mr. Sogo's close connection with the omnipotent Kwantung Army, he was asked by Gen. Hayashi to become Secretary-General of the Cabinet and to assist the Premier-elect in the selection of his Ministers.

Mr. Sogo Immediately drew up a slate which included every outstanding died-in-the-wool reactionary in Japan, including Admiral Suetsugu, who late in December, a few weeks after his appointment as Home Minister, crashed into world headlines with his declaration on the necessity of driving whites out of yellow Asia.

The moderate elements in the Army, Navy and the business circles were alarmed. Gen. Hayashi, after 24 hours of deliberation, asked Mr. Sogo to withdraw from the political scene. Mr. Sogo returned to Tientsin in a blaze of glory,— a generally recognized ultra-patriot.

When he came back to Tokyo in September, two months after the outbreak of the current war, and presented to the Army and the Government his plan for the current war, and presented to the Army and the Government his plan for the economic development of North China, he was already acting with powerful backing among the military and nationalist groups.

His four-point plan provided for the reorganization of the Hsing-Chung Company into a vast holding firm, capitalized at U.S.$30,000,000, the money to be subscribed jointly by the Government, the South Manchuria Railway Company and the Japanese super-trusts, such as the Mitsui and the Mitsubishi.

No investments were to be permitted in North China save through the concern, which would engage in every field of economic endeavor, from agriculture to transportation. Specifically mentioned were such projects as coal and iron mining, harbor construction, cotton growing, building of railways, erection of power plants and operation of warehouses.

Everyone had realized that Mr. Sogo was treading heavily upon Mr. Matsuoka's tender toes. The feud was on. But by that time another "Little Giant" of the Japanese finance, Mr. Y. Yasukawa, had joined the fray.

While Mr. Sogo and Mr. Matsuoka were busily engaged in elucidating the "great mission" of their respective concerns to make North China safe for Japanese investors, Mr. Wasukawa, an ambitious financier closely linked with the Mitsui interests, made an unpublicised but determined attempt to acquire a controlling interests in the Hsing Chung Company.

For a time, the influential *Asahi* revealed in November, it looked as if the Hsing Chung Company's railway, coal mining, raw cotton and salt enterprises would be taken over in their entirely by Mr. Yasukawa.

The month was May, 1937. The war was yet distant, and it was not in Mr. Matsuoka's plans to allow Mr. Wasukawa's Oriental

Development Company to swallow the Hsing Chung Kungssu. Thus, Mr. Matsuoka came to Mr. Sogo's rescue and saved the latter's business child from absorption by the newcomer.

When the war broke out, Mr. Wasukawa read the writing in the skies. His company's office in Tientsin was expanded and its experts began to draft plans for branching out into every field of economic activity, with especial emphasia on coal mining and raw cotton. Collieries were bought, woolen and cotton mills were built and new trading and warehousing auxiliary concerns were formed.

But the three rivals had underestimated the strength of the military-Fascist groups in the Government and the financial oligarchy. In Manchuria, the uniformed national-socialists had a severe battle on their hands three years ago before they succeeded in regimenting the financial interests and ensuring a smooth execution of the Army's industrial schemes. The Army was not prepared to repeat its error in North China.

The rich financial houses of Tokyo and Osaka, on the other hand, were also opposed to the monopolistic plans of the three rival "Tsars". All of these super-trusts had held large blocks of stock in each of the three competing concerns, but they wanted and demanded a full recognition of the principle of *laissez faire* in North China.

Few surface ripples indicated the terrific struggle which was in progress under Japan's comparatively placed financial waters in the past seven months. There were a few laconic reports in the press, a few exuberant addresses by Mr. Matsuoka and Mr. Sogo, a few resolutions passed by powerful business associations in Tokyo and Osaka, and editorials in Army-controlled newspapers regarding the need for an early decision on *national* control of North China.

The Government and its National Planning Board were subjected to strong pressure by lobbyists for the three rival concerns, by the Army's economic experts, by bellicose nationalist groups and by various financial interests.

The coalition of Big Business and Army nationalists won. The three rival musketeers lost. When the Government finally drafted its plan in December, it was revealed that the control of North China economy would be placed in the hands of a newly-organized semi-official holding company, which would closely supervise and direct all economic activities in the new Eldorado.

Specifically mentioned as within the purview of the projected company were construction of railways, harbors, ports and highways, general transportation facilities, telephone and telegraph systems, the electric power and the mining industries. The textile industry and cultivation of cotton were to be left open to private investors.

A franchise to build railways will be obtained by the company from the pro-Japanese administration in Peiping. Such lines will be constructed by a specially formed auxiliary concern, in which the South Manchuria Railway Company will be allowed to invest. The S.M.R. will also be asked to give technical assistance, but will not be permitted to operate any lines independently.

It was also indicated that Mr. Sogo's Hsing Chung Company will be dissolved, under the Government's plan, and its enterprises and staff will be taken over by the projected firm.

The latest information, however, shows that the Hsing Chung Company will transfer its manifold activities to Inner Mongolia, where it will engage in coal mining, sheep breeding and general trading. Already the firm is operating in the provinces of Chahar and Suiyuan.

Mr. Yasukawa's Oriental Development Company, which previously had borrowed extensively from J. P. Morgan and Company and the National City Bank, has also been officially encouraged to go into the field of cotton cultivation and manufacture of cotton and woolen textiles.

It would thus appear at first sight that Mr. Matsuoka has been the sole loser. Early in January, asked if he would resign, Mr. Matsuoka replied: "I regret that I am unable to resign while the country is facing a crisis." A fortnight later, however, he tendered his resignation. It was not accepted. Recently he sent an American, Henry W. Kinney to Shanghai to conduct a propaganda to encourage American financiers to lend money to the S.M.R. to finance its program in China.

It is idle, however, to think that the S.M.R. will withdraw from China without a royal battle. The concern is too powerful and has too many fingers in the Chinese pie to be content with nothing more than the role of an investor assigned to it by the Army and the Government.

Unmindful of the first defeat, thousands of S.M.R.'s experts are swarming over North and Central China, studying opportunities for investment. Thousands of other employees are operating railways under Japanese military orders.

The struggle for supremacy in North China and the Government's decision to give monopoly to a semi-official concern bear an important and ominous lesson for foreign interests. In the entire process no attention whatsoever was paid to the vast foreign investments and rights in the north save occasional vague pious declarations of respect and hope for future co-operation in the economic development of North China.

The solemn treaties which guaranteed open door and equal opportunity for every nation in China are still theoretically in force, but these principles today are no more than myths, neither revered nor remembered. H.

Japanese Reverses in Shantung Cause Tokyo Peace Talk

JAPANESE this week were reponsible for two reports concerning a revival of peace talk. Despite the fact that both reports were negative in character, it was significant that they appeared at a time when Chinese victories on the Tsin-Pu front had been definitely confirmed.

According to *Domei* the Japanese Government denied press reports from London that it had requested Great Britain to mediate the Sino-Japanese dispute. The report from Tokyo, however, failed to explain how such reports originated or who was responsible for their circulation.

Another Japanese report quoted a spokesman of the Tokyo Foreign Office as declaring that Japan would not deal with the Hankow Government in peace discussions. When asked whether the Sino-Japanese situation was deadlocked the spokesman replied, "Certainly not!" He said that two new regimes had already been established in China, with which the Japanese Government was dealing in regard to the affairs in North and Central China. It appears that the Japanese were planning to hold their puppets responsible for making good Japan's losses in China.

The Japanese also made much of a report from Hongkong that Gen. Chiang Kai-shek was making a further attempt to obtain foreign assistance against Japan by sending Dr. Chu Chia-hua, former Education Minister and Chekiang Chairman, to Europe.

Politics of the rival puppet regimes, Peiping's "Provisional Government" and Nanking's "Reformed Government" revolved around the problem of amalgamation. Wang Keh-min, head of Peiping, made a strong bid for early absorption of Nanking, but Nanking headed by Liang Hung-chih was evading and delaying.

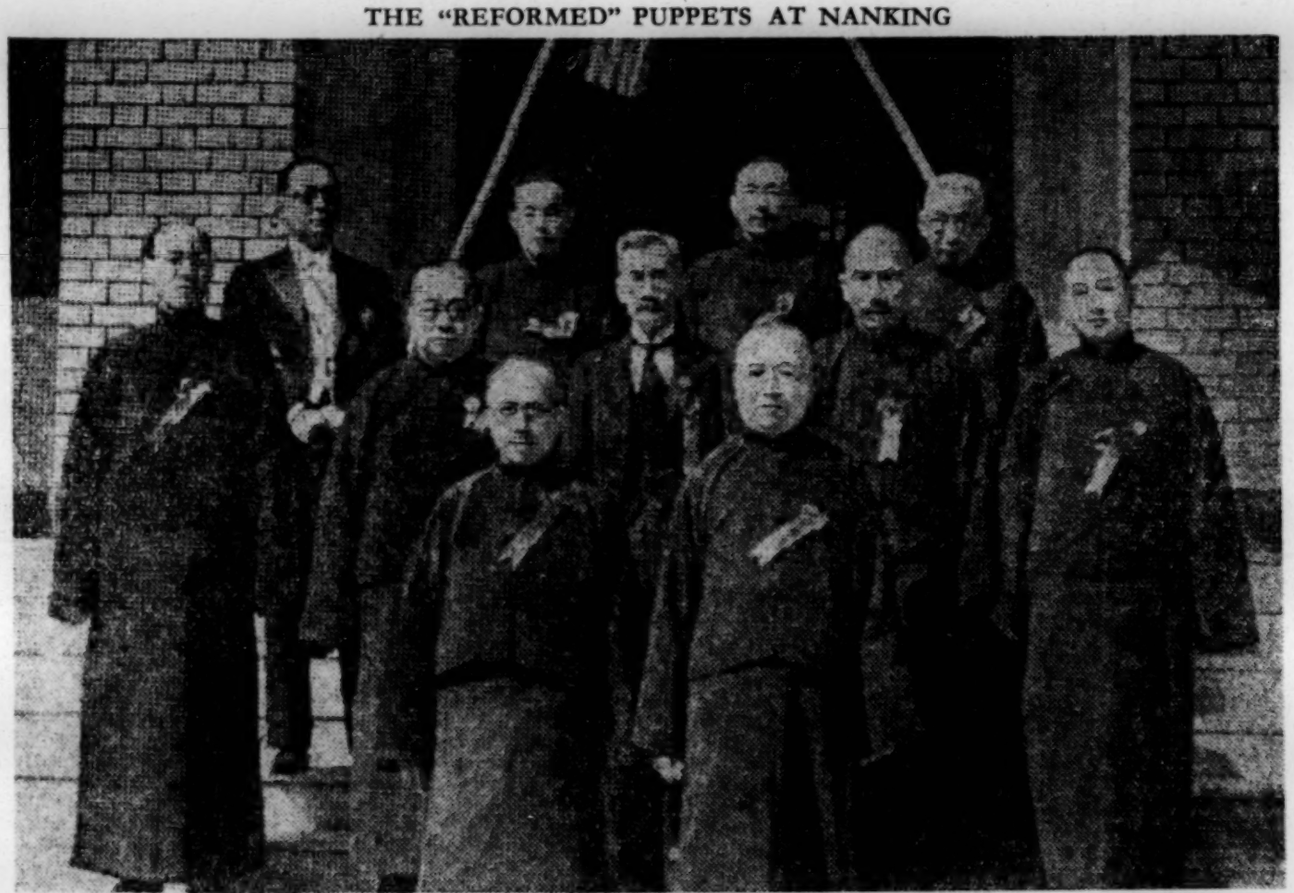
After a six-day trip to Peiping, Liang returned to Shanghai by Japanese plane and immediately it was rumored he had reached an agreement with Wang Keh-min:

1. The two Governments would be merged "at the first opportunity."
2. Pending their merger, the two administrations would work in collaboration and assistance to each other.
3. The sphere of activities to be strictly delineated.

Both governments will station high commissioners in Tokyo shortly.

In addition to the vague outline, it was allegedly agreed that foreign relations and the maritime customs will be controlled by Peiping. All customs revenues will be deposited in the Yokohama Specie Bank, pending settlement of the Customs issue with foreign powers. Nanking will act as proxy of Peiping in dealings with foreign powers. Revenues of the Salt Gabelle and the Consolidated Tax on cement, cigarettes, cotton yarn matches and beer in Central China will be collected and

THE "REFORMED" PUPPETS AT NANKING



Officials of the "Reformed" Nanking Regime: Right to Left, Ist Row:—Liang Hung-chih, Acting Executive Yuan President and Communications Minister; Wen Tsung-yao, Legislative Yuan President; 2nd Row:—Chen Chun, Interior Minister; Chen Tseh-min, Education Minister; Chen Lu, Foreign Minister; Chen Chin-tao, Finance Minister; Wang Tzu-hui, Industry Minister; 3rd Row:—at the Left End is Jen Yuan-tao, Acting Pacification Minister.

used by Nanking as a provisional measure. The sphere of operation of Peiping's "Federated Reserve Bank," under the terms of the agreement, will be extended to Central China, "where for the present banknotes of the Central Bank of China will be allowed to circulate freely." Finally, the two regimes will suppress anti-Japanese propaganda, including the elimination of anti-Japanese ideas from Chinese text-books.

A second conference of the two regimes will shortly be held, at which detailed plans regarding financial and taxation measures will be discussed. The conference will probably be held at Nanking with Wang Keh-min personally representing the northern regime.

The Japanese spokesman announced that the "Provisional Government" of Peiping and the "Reformed Government" at Nanking will shortly issue a manifesto, proclaiming their existence to the world.

Peiping decided (April 9) to open an office in Tokyo.

Creation of a Bureau of Industry was announced by Peiping April 8. It will supervise economic projects in North China in co-operation with the Sino-Japanese Economic Council. Wang Ying-tai, ex-Foreign Minister, has been appointed head of the organ.

Tsao Ju-lin and Lu Tsung-yu, two of China's most notorious trio of traitors (The third being Tsang Chung-hsiang), members of the Anfu clique, recently arrived in Peiping. Long known for their pro-Japanese activities, they are expected to take active part in political developments in North China.

Despite the vigilance of Japanese gendarmes, Chinese Communists were reported active in Tientsin. Their activities allegedly were directed by Kao Hsing-ya, who was dispatched to Tientsin by Gen.Chu Teh, operating from a secret base in the Tientsin French Concession. Much communist propaganda was said to have been found in schools and factories in Tientsin.

Ma Liang, aged Mohammedan leader, joined the Japanese and was formally installed (April 9) as Chairman of Shantung and member of the Peiping "Provisional" Government. According to Chinese military report, during a surprise attack on Tsinan by Chinese troops, Ma was caught, court-martialled and executed.

Wen Tsung-yao, Nanking's Legislative Yuan President, and Chen Chin-tao, Finance Minister, have been disowned by the people of Kwangtung as natives of the province. The Kwangtung Anti-Japanese Association, at a recent meeting, decided to cancel their citizenship in Kwangtung. It also was decided to confiscate their property in the province.

Wen issued a statement through *Domei*, refuting the charge thta he is a "traitor." He said the reformed regime could scarecely be accused of treason for it had returned "without bloodshed" China's national flag to the "lost territory."

Commenting on the establishment of the Nanking regime, the *Ta Kung Pao* (Hankow) editorially declared that the new organ, similar to the bogus regime in Peiping, was merely a puppet of the Japanese Army. Comparing Wang Keh-min and Liang Hung-chih to two notorious traitors in Chinese history, the paper predicted that they would meet worse fate than the two historical renegades. "Now that our nation is unified, the creation of any puppet organs will only strengthen our confidence in our government and our determination to defend our fatherland against foreign aggression."

The Kiangsu-Chekiang-Anhwei Consolidated Tax Bureau in Shanghai has been ordered by Japanese military to remit $300,000 to Nanking for its administrative expenses.

To develop the iron mines in Central China, the Japanese authorities have organized a Central China Iron Mining Company capitalized at $10,000,000, with a paid-up capital of $2,500,000 to start with, the *Life Daily News* reported.

Soo Hsi-wen, head of Shanghai's "Ta Tao Government" in Pootung who is reported to have advanced $100,000 for its administrative expenses since its establishment last December, is now said to be cashing in on his investment. By hook or crook or both the "Great Way" Government is reported to be realizing a surplus after meeting payment of all administrative expenses. Soo, as chief official of the organ, is drawing the fabulous salary of $3,000 a month, while his Secretary-General is paid the sum of $1,200. Each of the many secretaries draws $500 monthly. Directors of the various bureaus received $1,000 a month. But "Ta Tao" policemen only receive $16 per month!

Of interest to foreigners was a report that the "Ta Tao" Government will soon demand recognition from the authorities of the International Settlement and French Concession. According to *Shanghai Nippo*, there is great probability that the Shanghai Municipal Council will comply.

Another *Nippo* report was that a new political party is being formed in Shanghai, which will advocate:

"PROVISIONAL" PUPPETS AT PEIPING

Officials of the Peiping Provisional Government: *Left to Right*: Kao Ling-wei, member of the Legislative Council and Governor of Hopei; Gen. Chi Hsieh-yuan, member of the Standing Committee of the Legislative Council, the Executive Council and concurrently Peace Maintenance Minister; Wang Keh-min, Chairman of the Executive Council, member of the standing committee of the Legislative Council and Civil Affairs Minister; Kiang Chao-tsung, member of the Legislative Council and head of the Peking Peace Maintenance Commission; Tung Kang, Chairman of the Judicial Council; Tang Erh-ho, Chairman of the Legislative Council; Wang I-tang, Relief Minister; Chu Shen, member of the Standing Committee of the Legislative Council and also of the Executive Council.

1. Support of the newly-formed governments.
2. Friendship between China and Japan.
3. War on Communism and the Kuomintang.

According to the (Japanese) *Hsin Shun Pao*, a new Shanghai Labor Federation has been organized, which will demand cessation of anti-Japanese war.

A so-called West Shanghai Economic Construction Association has been organized by the "Ta Tao Government." It has notified all Chinese factories in that area to register and resume operations before the end of May. Factoires failing to comply will be taken over by the Association and operated by the "Ta Tao Government,"

Despite seizure of its office buildings on North Honan Road by agents of the "Ta Tao Government," the Shanghai Chinese Chamber of Commerce is continuing to function in premises "south of the Creek." Wang Hsiao-lai, Chairman of the Chamber, now in Hongkong, has been informed of the occupation of the Chamber building and requested to report the matter to the National Government. The "Ta Tao Government" is planning to reorganize the Chamber and extend its control over commercial organizations.

One of the chief results achieved by the Emergency National Kuomintang Congress was the adoption of a Program for the Campaign of Resistance against Japan and National Reconstruction, according to political commentators in Hankow. The Program, consisting of 32 items, deals with various military, political, diplomatic, economic, scoial and educational problems. Its purpose is to strengthen China's power of resistance so as to ensure ultimate victory.

Another important action was the creation of a National People's Political Council, designed to stimulate the development of democratic government in China. It will serve as an organ for the people to express their views on political matters. The Council will consist of 150 members, elected from various provinces and municipalities, Mongolia and Tibet, and cultural and economic circles.

Aside from its military significance, the election of General Chiang Kai-shek and Wang Ching-wei as "Tsung Tsai" and "Fu Tsung Tsai" of the Kuomintang (General Executive and Deputy General Executive) was expected to further consolidate the internal organization of the Kuomintang and lead to the dissolution of all petty cliques within the Party.

Pursuant to decisions of the Congress, many important changes have been effected in the personnel of the Kuomintang. Ku Meng-yu, close associate of Wang Ching-wei and former Railways Minister, has been appointed Minister of Publicity, succeeding Shao Li-tzu. Chow Fu-hai, Education Commissioner for Kiangsu, will be appointed Vice-Minister while the present Vice-Minister, Hollington Tong, will devote himself to international publicity. Dr. Chu Chia-hua, ex-Chekiang Chairman, has been appointed Secretary-General of the Central Kuomintang in place of Yeh Chu-tsang. In view of Dr. Chu's impending trip to Europe, Kan Lai-kwang, deputy Secretary-General, will act on his behalf.

Gen. Chiang Kai-shek is likely to become first President of the newly-created Kuomintang Youth Group.

The 4th Plenary Session of the 5th Central Executive Committee of the Kuomintang was formally convened at Hankow on April 8. Regulations governing the organization of the National People's Political Council was adopted. In order to strengthen the organization of civic bodies during the campaign of resistance, the Session also adopted an Outline governing the Organization of People's Associations in time of war.

The new Standing Committee of the Central Executive Committee was elected as follows:

Ting Wei-fen	Chu Cheng	Yu Yu jen
Tai Chi-tao	H. H. Kung	Sun Fo
Yen Hsi-shan	Feng Yu-hsiang	Yeh Chu-tsang
Tsou Lu	Chen Kuo-fu	Ho Ying-chin
Li Wen-fan	Pai Chung-hsi	Chen Kung-po

T. V. Soong, Chairman of the Board of Directors of the Bank of China, may be appointed Minister of Finance.

Confidence in the success of China's resistance was expressed by Gen. Pai Chung-hsi, vice-chief of General Staff, in the course of an interview with a group of foreign correspondents at Hsuchow. Ultimate victory of China does not depend on any particular battle on the Tientsin-Pukow Railway front, but on the success of the Chinese forces in holding up in every direction the swift movements of Japanese troops, so as to wear down Japan's fighting strength.

Gen. Pai characterized as "utter nonsense" Hitler's remark that the Chinese Army lacked morale and equipment. "Every open-minded observer can see that the spirit of the Chinese soldier is better than that of the Japanese. Our deficiency in military equipment is now a matter of the past. Our material resources are inexhaustible," Gen. Pai declared.

Gen. Pai said that Japan had originally planned to send only 15 divisions to China but owing to the stiff resistance offered by the Chinese troops ,Japan has now dispatched more than 25 Divisions and still Japanese hopes for victory are illusory. If more Japanese troops were dispatched to China, Gen. Pai added, Japan will find herself exposed to an attack by a "powerful neighbour."

Discussing the significance of the Taierchwang victory on the Tientsin-Pukow Railway front, Wang Ching-wei, in a radio broadcast, pointed out that the victory was not won accidentally, but was the result of heavy scarifices on the part of both the people and the troops. The victory has further strengthened the confidence of the people in our ultimate success. Mr. Wang urged the people to bear in mind Gen. Chiang Kai-shek's warning: "When you hear of victory, do not be vainglorious; when you meet with difficulties, do not be discouraged."

In a recent address before the Committee for Justice for China Governor Wu Te-chen of Kwangtung appealed to the world to suppress Japanese militarism in Asia. Gen. Wu pointed out that the war now being waged by Japanese militarists in Far East is not aimed at domination over China alone. The peace of the world is at stake. China is only fighting an advance-guard action of the next world war. China actually is also fighting for the liberty of the masses in Japan, and for their deliverance from the yoke of warlord taskmasters. Gen. Wu warned Japanese invaders that any attempt to invade South China will find that not only the regulars but every daughter and son of Kwangtung ready to meet them with sword in hand.

The National Government issued a mandate (April 6) conferring posthumous honor of Full-General on the late Gen. Wang Ming-chang, Szechwanese Commander of the 122nd Division, who was killed last month in action during of the battle Tenghsien, on Tientsin-Pukow Railway.

U. S. ASIATIC FLEET MAY NOT GO NORTH THIS SUMMER

Rumors were in circulation in Shanghai this week that the U. S. Asiatic Fleet may not go North as a unit for summer maneuvers and target practice this summer. Instead the individual ships will make cruises to the Shantung and Hopei ports and return to Shanghai, following which they may proceed south to Indo-China, Siam, Straits Settlements and the ports of Netherlands Indies. The U. S. S. Augusta, Flagship of Admiral Harry E. Yarnell is now at Shanghai and a number of destroyers are also here. Some of them, according to report, are planning to remain here for most of the summer.

Japan's Foreign Trade, Industry Hits Snag

The foreign trade outlook in Japan is not encouraging, despite the very effective efforts which are being made by the Japanese Government to balance imports and exports by curbing imports of non-urgent and unnecessary goods it appeared this week. In fact, partly as a result of the Government's measures, partly because of trade depression and partial boycotts of Japanese goods in other parts of the world, a heavy shrinkage of exports has taken place since the beginning of the year, which cannot fail to exercise direct pressure of no mean proportions on Japanese industries and therefore on Japanese living conditions.

At the same time, the higher prices now demanded by Japanese exporters to meet increased costs largely due to increased taxation and Government interference with trade generally, tend to impede a recovery of the export movement. That the outlook is serious may be gathered from a recent statement in the *Oriental Economist*, leading Japanese financial monthly, that: "If the world depression drags on, Japanese export industries are liable to be hard hit and thus give rise to a problem perhaps even more grave than the China Incident itself."

Nevertheless, the adverse balance of Japan's foreign merchandise trade for the first quarter of 1938 was only Yen 65,900,000, showing a sharp decline of Yen 257,376,000 or 79.7 per cent in comparison with the corresponding period of 1937. Japanese exports for the first quarter totaled Yen 605,220,000 and imports Yen 670,922,000. Compared with the first quarter of 1937, a decrease of 17.5 per cent was shown in exports and of 36.5 per cent in imports. An examination of Japan's export trade for the period indicates that exports of cotton textiles amounted to Yen 97,000,000, showing a decrease of 10.6 per cent from a year ago.

Textile Exports to Drops

In view of indications that raw cotton arrivals to Japan will hereafter be curtailed, it is feared that cotton textiles exports will show a further decline during the year. Exports of hosiery goods as well as woollen textiles are being affected in the same way as cotton textiles. Exports of such commodities as rayon textiles, canned and bottled provisions, pottery and porcelain and toys for the first three months of this year decreased by from 20 to 40 per cent, compared with the first quarter of 1937. Owing largely to the depression in the United States, exports from Japan of raw silk and textiles have suffered a shrinkage ranging from 17 to 20 per cent compared with the first quarter of last year. In the import group, raw cotton decreased by 70 per cent. raw wool by 88 per cent, crude rubber by 55 per cent and lumber by 45 per cent, during the same period.

Industrial Activity Down

According to a survey by the Bank of Japan, the increase made in the amount of the capitalization of the industrial companies, inclusive of new establishments, capital increase and debenture flotation, in March amounted to Yen 188,062,000, dropping Yen 30,321,000 from the preceding month and Yen 377,192,000 from the same month a year ago. The situation shows a temporary state of suspension of the domestic industrial productivity expansion drive. In the new enterprises, machinery and tools industry, as usual, topped the list, involving 15 companies and Yen 15,180,000. No marked advance was made in their industries.

The total number of the new companies established during March reached 57 companies involving Yen 61,442,000, dropping by 37 companies and Yen 10,921,000 from the preceding month. The capital expansion by the industrial firms, which had been on a sharp and continued increase in the preceding several months, came to a stop in March, making only a slight increase of Yen 11,600,000 to Yen 98,620,000 involving 19 companies, decline of 17 companies from the preceding month. The Yen 20,000,000 capital expansion of the Japan Aluminium Company was the leader in the March capital expansion list. The debenture issues also recorded a drop of one issue involving Yen 31,000,000 from the preceding month, although the debenture issuing activities have been brisk under the Government control. The total amount of debentures issued during March reached Yen 28,000,000, involving three issues inclusive of Yen 10,000,000 by the Showa Fertilizers and Yen 15,000,000 by the Oriental Development Company.

Productive Capacity Defined

Expansion of the productive capacity of the munitions industry was defined last week as one of the main immediate objectives of the Japanese Government. The other objectives included:

1. Encouragement of exports, to pay for imports;
2. Promotion of industries manufacturing substitutes for imported commodities and materials;
3. Prevention of profiteering, including a rigid enforcement of the anti-profiteering regulations.

The economic program was explained by Shinji Yoshino, minister of commerce and industry, in an address before prefectural financial commissioners, meeting here in an annual conference. There is an urgent need, Yoshino said, for checking an undue rise in prices through the readjustment of supply and demand for commodities. The Government, he intimated, was prepared to stop in and fix maximum prices on commodities of general use. Yoshino also announce the establishment of a Commodity Prices Commission, which will watch the fluctuation of prices and possibly set official quotations on goods. In view of the very large amount of munitions and machinery imported this year, it is urgently necessary to control other imports, Yoshino emphasized.

Japan to Borrow 5 Billion Yen; Thrift Urged on People

Revealing that the Government intended to float Yen 5,000,000,000 worth of public bonds during the year, Finance Minister Okinori Kaya has appealed to the nation to "save more and to invest the savings in bonds." The goal of private savings was set by the minister at Yen 8,000,000,000. Kaya made the disclosure of the anticipated Government borrowing at the general meeting of the Savings Banks Association, which he exhorted to launch a campaign for increased savings' deposits.

"We must strive," he declared, "to increase deposits in savings banks, for we depend upon these funds to float public loans." He appealed to the people to cooperate with the Government in the latter's campaign for a "spirit of saving."

Control Over Exchange

The control by the Bank of Japan and the Ministry of Finance over the foreign exchange transactions has been being steadily strengthened through the compulsory agreement forced upon the yen-dollar exchange rates and the adoption of the licensing system for the exchange transactions by the banks hitherto left free. The authorities concerned have now decided to compel the bankers to make a detailed agreement relating to the yen-sterling exchange rates, to take effect as from April 5.

The detailed agreement adopted for the yen-dollar exchange quotations has been so complete that the unfair competitions among the exchange banks have been well checked. With the yen-sterling agreement in operation since last August for the sterling exchange rates, which incidentaly, form the basis of the Japanese foreign exchange activities, the agreement merely provides that the t.t. yen-dollar rate should not dive below 1s 2d, and that the bills, with letters of credit at 90-day sight, should make 1s 2d 1/16 the lowest rate in the purchasing transactions. Other details have been completely left to the judgement and self-control by the banks concerned . With the detailed agreement already in operation for the yen-dollar exchanges, it is being regarded as natural and proper by the authorities concerned that a similar agreement providing for smaller details should be adopted for the yen-sterling exchanges.

Thrift is Preached

The Finance Ministry last week threw away a sum of Yen 1,000,000 to serve as a brake on the so-called bad-natured inflation that might be started by the total budget of Yen 8,000,000,000 for the present fiscal year, and will shortly issue instructions to all government offices not to waste even one sen. Although the Finance Ministry is to come forward in this way to propagandize thrift and avoidance of waste on a nation-wide scale, there are occasional cries as to how more thrift could be possible made by poor salaried-men except workmen favored by the munition prosperity and the bereaved families of soldiers given large sums of comfort money.

Ashes of Harold Porter to Be Sent to England

Final rites for the late Harold Porter, vice-chairman of the Shanghai Municipal Council, were held Monday, April 11, at the Bubbling Well Cemetery Chapel, the Very Reverend Dean A.C.S. Trivett officiating at the services. The services were followed by cremation. The ashes will be sent home to England, to Porter's sister, married to the Vicer of Aynesbury, Buckinghamshire, Suffix. Porter's body was discovered in the Whangpoo River following a two-week search for him.

He was born December 7, 1879, and educated at Felsted School. He entered the British Consular Service and passed a competitive examination in 1898. He received the Boxer Medal and clasp for his participation with the Legations during the siege of Peking. He became Vice-Consul in 1911, and Consul in 1913. In 1924 he was acting Consul-General in Mukden, and was officiating consul-general in Harbin in 1925, returned to Hankow as consul-general in 1927, serving until 1928. He was made C.M.G. in 1926. Porter left the consular service in 1929 to become associated with the Pekin Syndicate Ltd., as general manager, later shifting to Shanghai where he stood for and was elected to the Shanghai Municipal Council in 1936. Last year he was made vice-chairman, the position he occupied at the time of his death. He was one of the Lester Trustees, director of the *North-China Daily News*, and council nominee for board of directors of the Shanghai Waterworks, Limited. He is survived by his wife, two sons, and a daughter. The daughter is Mrs. K. M. Bourne, wife of Major Bourne, newly appointed commissioner of Police.

Hampering of Shanghai Trade Laid to Japanese

Two voices of the British community last week were raised in protest to the continuance of restrictions on Shanghai by Japanese authorities which are serving to hamper the return to normal conditions and the recovery of trade. They were the British Chamber of Commerce and the Shanghai Gas Company.

Trade difficulties being experienced through interfering restrictions by Japanese are revealed in the annual report of the British Chamber, read at the annual meeting of the organization last week by Calder Marshall, who presided. The statement said:

"Though the Japanese Government has given repeated assurances regarding the maintenance of the territorial and administrative integrity of China and though her spokesmen have been equally emphatic regarding non-interference with foreign rights and interests, it is difficult to reconcile such statements with the events of the past eight months. The establishment, under nominal Chinese control, of the 'Provisional Government of the Republic of China' in Peiping and of the 'Reformed Government of the Republic of China' in Nanking may, in theory maintain the administrative and territorial integrity of China, but such independence is more apparent than real, and if the declared intentions of Tokyo become effective and Japanese corporations are established under franchises from the 'Provisional' and 'Reformed' Governments to operate and control all railways, telegraphic communications mining, electrical undertakings and some of the key industries, such monopolies would naturally seriously affect British interests.

"It has been frequently stated that British interests in China are trade interests. Our interests are dependent upon the 'Open Door' and 'equal opportunity.' Though Japanese spokesmen have emphasized that the 'Open Door' policy will be maintained it is evident from the statements emanating from Tokyo that it is not intended that other nations shall enjoy 'equal opportunity' in major development work or industry or even commerce.

"Already, as we learn from North China, a Japanese monopoly for wool has been established to the detriment of important foreign interests which have been carrying on this trade for many years. The gross discrimination of monopolies in favor of one group need not be stressed, but when that group consists of nationals of an alien country, the discrimination is far more serious and almost assumes the character of an unfriendly act.

"In considering future trade prospects and possibilities in Shanghai we must of necessity give close attention to activities in North China and the plans being advocated by the Japanese for the exploitation of the areas occupied by their forces as though it is planned that the 'Reformed Government of the Republic of China' inaugurated at Nanking shall only have a separate existence until such time as the occupied, area in the North joins the occupied areas in Central China when the 'Reformed Government' will be merged in the 'Provisional Government'—in the meantime it is stated that there will be close co-operation between the two governments, a fact which must be borne in mind.

"Since the incident in the North last July which precipitated major hostilities, fighting has been incessant, losses of men and equipment on both sides have been heavy, but though the Japanese are occupying very large areas, such areas, though occupied, can hardly be regarded as conquered, and unless some reasonable and honorable and acceptable basis for peace can be formulated it would appear that the strife may continue for a very considerable time. Prior to the outbreak of war there had been consistent progress made by China in the extension and improvement of her railways and highways, her radio and telegraphic communications, conservancy work and general industry, while at no time had there been greater unity in the country or seemingly fairer prospects for material prosperity for harvests were good and the stability of the currency materially assisted the traders and gave confidence to investors, but it is futile to discuss what was in being or what might have been in view of the hostilities, in Central and Northern China, which have destroyed the material achievement of years and crippled business, industry and agriculture in these areas."

That Shanghai had seen the neutrality of the Settlement violated, was charged by L. E. Canning, C.B.E., chairman of the Shanghai Gas Company, at the firm's annual general meeting here last week. Canning said:

"It is up to the foreign powers to begin negotiations with the least possible delay and I for one would strongly advocate that the status of the Municipal Council be more clearly defined and their powers strengthened and it must be insisted on that a clear neutral zone around the borders of the Settlement be established if we are to avoid repetitions of war as we experienced in 1932 and again last year, with the appalling loss of life and wanton damage to property. The *status quo ante* of the International Settlement is urged: it is as important to the Japanese as the Chinese and all the nationals represented in Shanghai: delay causes misgiving and at the moment delay is handicapping honesty of purpose in rehabilitation. Remove restrictions, I may add seemingly unnecessary restrictions, and restore confidence to a badly shaken Community, and then we shall attain something worthwhile of this great center of trade."

JAPANESE PLAYTIME AT SHANGHAI

Western Mail and South Wales News, Cardiff

Lack of Dredging in Whangpoo Causes Serious Situation

A strange mystery surrounds the condition of the Whangpoo River. Enquiries instituted during this week by a *North China Daily News* reporter from various shipping companies, from harbor pilots, and from the Whangpoo Conservancy Board itself failed to reveal the precise effect upon the river of eight months during which no dredging or conservancy work has been done whatsoever. Heavy draught vessels are still steaming up and down the river, over the Woosung Bar and the Fairy Flats, using more or less the same routes as when dredging work was continually guaranteeing a safe path. But there is no denying the fact that these ships are taking a risk, if not, at the present moment, a serious one. While precise details of the silting up of the river which must have taken place since last August are lacking, every shipping company visited expressed the strong wish that dredging work be started once again as soon as possible.

It is common knowledge that the dredging apparatus of the Whangpoo Conservancy Board is in the hands of the Japanese, having been seized by them after their occupation of Shanghai. The Japanese, it was ascertained from the survey conducted by the *North-China Daily News*, are not carrying out conservancy work with the apparatus at their disposal, neither does there appear, at the moment, to be any question of their returning the apparatus to the Conservancy Board. The Conservancy authorities, questioned on the matter, declined to make any official statement, pointing out that the situation was "extremely delicate," at the same time it was confirmed that all of the board's apparatus is in the hands of the Japanese, including even its sounding instruments, thus effectively preventing both the dredging of the river, and the ascertaining of its precise condition.

Shanghai pilots, interviewed, stated that there had been no mishaps so far, and they were bringing heavy draught ships up the river without any difficulty. "There is, of course, a risk involved," they stated, "but then there was also a risk before the local hostilities put an end to conservancy work." The deepest draught ship brought up river since the hostilities drew 31½ feet, and she was taken into port without mishap. It is plain, however, that although there is always a risk in bringing a deep-draught ship up the Whangpoo, this risk is being unnecessarily increased by the entire lack of conservancy work. There have been no mishaps as yet, but with continual silting going on all the time unchecked, the possibilities are increasing every month.

Bar Foreign Fashion Magazines

Japan's well-dressed women will no longer shroud their bodies in silk-and chiffon creations patterned after the models by Schiappareli, Patou and Worth. For this, they will have to blame the current exchange restrictions, which will make it impossible to import such bearers of patterns as Jardin des Modes, Ladies' Home Journal, Vogue, Die Dame, Brittania and the Woman's Home Companion. With the bulk of Japan's womanhood still preponderantly in favor of the age-honored' colorful *kimono*, Tokyo has never been a style center. Occidentally-minded women, therefore, sought patterns in imported magazines. To expend foreign exchange for fashion magazines, one under the new regulations, has to get a special permission from the Finance Ministry. In addition to the red tape cluttering the Ministry's bureaucratic machinery, the purchase of Occidental publications will further be hindered dy direct restrictions. In the list of articles whose importation is regarded as undesirable, an honored place is held by fashion magazines. The crisis in the field of ladies' garments was expected here to lead to a "back-to-kimono" movement' or' possibly, to a revival of *ante-bellum* fashions.

Hsuchow—Where China's Unification Received Its First Real Foothold

BY C. Y. W. MENG 孟廷沐

HSUCHOW, at the cross-section of the Tientsin-Pukow and Lunghai railways, has become one of the most strategical points in the Kiangsu-Shantung sectors. According to current reports, the Japanese have despatched additional forces of 100,000 to this sector in an attempt to occupy Hsuchow, thus gaining occupation, if successful, of the entire Tientsin-Pukow Railway, placing them in a position to cut the Lunghai Railway, and laying the way for their planned advance on Hankow.

A layman, glancing at a map, will immediately realize the importance of Hsuchow today.

At one time, the situation was quite critical to Hsuchow. Hsuchow was once another "deserted and empty city!"

But now from both the foreign and Chinese reports, the Japanese advance towards Hsuchow has been successively checked and repulsed, and the "menace" to the city is now removed. But what is the reason for it? The change of the command, the re-organization of the forces, the change of the Chinese military tactics, and the achievement of overwhelming "Linchi Victory" over the invaders are certainly attributable to the change of the situation. But according to my study of the situation, there are other reasons as well.

I visited Hsuchow prior to the fall of Tsinan to the invaders. My friend, also a reporter of one of the leading papers in Chungking who stayed in Hsuchow for the past three months, just returned and has told me the present condition in the city. A comparative study of Hsuchow of yesterday and today will explain some of the real reasons why the city is saved. When I was there (at that time the Tientsin-Pukow Line was under the command of General Han Fu-chu), it was at the end of November, 1937, on my way from Nanking to Hankow by train. In my observation of the city, I was very much disappointed by the then existing condition in the city, and I could not but deplore and conclude that Hsuchow, though it is a strategical place, and as such, is bound to play a decisive part in the present "war of resistance against Japan," had yet to wake up to the realization of their strategical position in the war!

But the arrival of General Li Chung-Jen, now the commander of the forces of the Tientsin-Pukow Line, brought about fundamental changes in the condition of the city. First of all, in assuming his office (after the execution of General Han Fu-chu), General Li made a public statement that "We will Never Let the Enemy Come Near the Lunghai Railway!" It is not an ordinary statement from the lips of officials. It is a motto, and it is an oath. It is a statement of a definite policy, and it is an expression of the strong determination to defend the line to the last! The subsequent events show that such policy is now in full operation. His statement had at once the desirable effect of stopping the exodus of the people from the city to other safe places, and of turning Hsuchow from an empty and dead city to a living city again! People returned to their homes. Shops were re-opened, and "business went on as usual!" The statement of the commanding general should indeed go down to the annals of the Chinese history as one of the most important documents!

Secondly, the organization and training of the masses began at once. A "Youth Corps" 青年軍團 consisting of local students and students from northern China, was formed in Hsuchow by the order of General Li in an efforts to organize and train the masses. While the exact number of the youths under training is not known, it is reported that several thousand youths are being organized and under severe training. The timely arrival of a group of "salvationalist leaders," had greatly facilitated the organization and training.

The arrival of General Li had not only greatly easied the critical situation, he had also worked out "a definite and thorough plan" for the "organization and mobilization of the masses." The former committee in charge of the mobilization of the masses of the district was ordered to be re-organized, and its policy re-formulated. The sole purpose, as announced, is "to mobilize man-power and all resources to assist the government in the present full-phase resistance against the invaders."

Two General Principal

Under the new organization, there are two general principles which govern their activities. They are: First: "Regardless of the territorial demarcations and former party politics (meaning political differences), all must unite and join to resist the invaders." Secondly: "Democratic principles are adopted and are to be applied!" In fact, in my observation and study, I find already that such general principles are now in full application not only in the war district under General Li, but throughout the whole country today! So everywhere the observers will heared and witness the co-operation between the armies and the people, and the organization of the local people *by their own will* into defence corps, either to actually help the armies now fighting on the front, or to take up works in various ways in the rear, or to join the guerrilla warfare.

This signifies that the nation, or 460,000,000 people, or "one-fourth of the world population," are now being organized and trained to take part in the war against Japan. I consider such development as one of the most hopeful prospects for the Chinese in the present war of resistance. The newly re-organized committee in charge of the mobilization of the masses in the Tientsin-Pukow war district is paying special attention to their work in the rural districts and in the direction of "co-operation between the masses and the armies"! Seven Propaganda Corps composed of students from the districts now under the Japanese military occupation are organized to take up their activities. They perform their work either by giving public lectures or theatrical performances.

At present there are two powerful organizations in Hsuchow, one being the Union of the Students of Peiping and Tientsin, and the other being the National Salvation Corps of the Young Men and Women. The latter is being organized by the rank and file of young people in Hsuchow with branches in other places. They hold public meetings to discuss the many problems concerning resistance against with absolute freedom. Such an organization together with their activities, Japan is unprecedented in the history of Hsuchow.

Laborers Also Being Organized

Hsuchow is also the center where laborers of the two railways may assemble. South of Shantung, as well know, it is the coal mining district where hundreds of thousand laborers may meet. Realizing the value of the man-power there, and the necessity of preserving such man-power, General Li ordered *all* laborers in the War District to be organized and trained.

These men are given absolute freedom under proper direction to organize themselves into the "Union of the Laborers of So-and-so (names of the factories, mines, railway sections, etc. to which laborers belong) for the Support of the Resistance Against Japan." From Chaochang (an important town now being re-taken by the Chinese forces at the time these lines are written) a mining district, 7,000 laborers are organized and trained, and at present 3,000 of them have already been selected and joined the "Service Corps in the War District." But above them there is one "Federation of the Unions of the Laborers for the Support of the Resistance Against Japan." The opening ceremony took place in Hsuchow on March 7. There are also other cultural associations organized in Hsuchow in support of the resistance against the Japanese invaders, such as the Cultural Association of the Tien-Pu War District and the Circulation Office for the Distribution of the Publications on Resistance Against Japan." While the former is an association of literary people in support of the resistance against the Japan, the latter is a distribution center for publications for the information of the public.

Hsuchow's Transformation

In other words, in a few months, Hsuchow has been transformed from a dead city to a "center of the organization and training of the masses" for the defence of the railway. Formerly, the local people wanted to remove to other places for safety, but today, they are ready defend the city and are determined "to live or perish together." Formerly, the people had no organization at all, but today, they are organized, and they actually take part in the war in various ways. Formerly, the exodus of the people from the city at the rear constitutes a great disturbing factor to the morale of the soldiers on the front, but today, such no longer exists.

Such is the change of Hsuchow—the organization and training of the masses and the determination from both the commanding generals and the people to live or perish together with city and the revival of the "Spirit of the Middle Kingdom"—which has saved Hsuchow as well as the whole railway.

The Linchi Victory

Finally a word must be said about the Linchi Victory when the Chinese succeeded in effecting an envelopment of the Japanese forces and in annihilating the whole Japanese crack 5th Division—a deadly blow to the invaders. General Feng Yu-hsiang, more popularly known as the Christian General, has written a poem in memory of the victory in which he said that during these two months of attack in their attempt to dislodge the Chinese from Hsuchow, the casulties on the enemy side are above 10,000 dead and killed, and the Linchi victory alone claimed another 10,000 lives from the enemy side!

Japanese to Open Breweries

Plans to open breweries in North China were announced last week by officials of two Japanese brewing companies. Ryutaro Takahashi, president of the Japan Brewery Company, and Chozo Isono, managing director of the Kirin Brewery Company, will go to North China soon to undertake a survey leading to the extension of business to the continent.

Japan Pushes Development of North China

JAPAN, in the past few weeks, has marched ahead with her grandiose plans for the monopolizing of the North China market and the development of industry. Many are the companies which have been formed or are in the process of evolution.

Rehabilitation loans in the amount of Yen 30,000,000 will be granted to Japanese residents in various places in China, including Shanghai and Tsingtao, the Deposit Board of the Finance Ministry has decided. The advances will be made by the Deposit Board to small and middle class merchants and industrialists through several financing institutions, such as the Yokohama Specie Bank, the Bank of Taiwan, the Bank of Chosen and the Oriental Development Company. Funds will be allotted also through Japanese residents' corporations and consular authorities. Annual interest on the loans was fixed by the Deposit Board at 3.2 per cent, but when funds are distributed through financial organs the interest will be 4 per cent. The Government will take measures to cover losses which may result from failures in repayment.

Take Over German Mines

The German operated Chungshing colliery at Tsaochwang, east of Lincheng on the Tientsin-Pukow Railway in central Shantung,

WHERE CHINA MAY LAND

Herblock in Williamsport Sun

will be taken over by the Provisional Government of China as a result of negotiations between Japanese and German authorities. While the mines will be managed by the Japanese authorities, the actual operations will be entrusted to Herr Friedrich Klicker, Chief Engineer of the Chunghsing Coal Mines.

Business of 11 mills which have been operated by eight Chinese flour manufacturing companies has been taken over by the Nitto Flour Manufacturing Company. The transfer was effected by successful negotiations between Senzo Sakurai, managing director of the company, and the local authorities concerned in North China. The Chinese flour mills brought under the control of the Nitto company are located along the Peking-Hankow Railway in North China, chiefly in Shansi Province. They include the Chufeng Flour Manufacturing Company, Chihfeng Flour Manufacturing Company, Weiyu Flour Manufacturing Company, Chengsheng Flour Manufacturing Company, Hsinyi Flour Manufacturing Company, Hsin-hsien Flour Manufacturing Company, and Tungfeng Flour Manufacturing Company.

Organize Gold Mining Firm

A North China Gold Mining Company was organized at a meeting of its founders in Tientsin April 8. The new concern is capitalized at Yen 2,000,000 and its head offices will be located at Peiping. It will engage in the development of gold mines in the East Hopei district.

Changing its original plans because of new developments in North and Central China, the Japan Electric Industrialists' Federation have decided to establish a powerful company to manage electric power enterprises in occupied areas in China. According to the original plans, an electric company with a capital of Yen 5,000,000 was to have been established in North China, while another power company in Central China was to have been created with the organization of the Central China Electric Industrialists' Association, consisting of 20 Japanese electric power companies. The new concern, to be known as the Chunghua Tienyieh Kungssu, (the China Electric Industry Company) will control the industry both in Central and North China.

Plan New Oil Company

With the object of copies with the industrial control activities to be launched in North China over the petroleum industry, the member companies of the Petroleum Association (Sekiyu Rengo), including Japan Oil, Kokura Oil, Mitsubishi Oil, Hayama Oil, Aikoku Oil and Asahi Oil, have decided to establish a Yen 20,000,000 petroleum firm under the name of the North China Oil Company, with the capital participation by the Manchurian Oil Company and the Chosen Oil Company. The new company will receive Government licensing from the "Provisional Government" in North China relating to the import and sales quotas of petroleum products. The sales and import activities of the Standard Oil, Rising Sun, the Toa Oil, etc. in North China will also be subjected to Governmnet control in the same way.

Officials concerned in the North China Development Company have been more than pleased with the enthusiasm shown by the Japanese people in general over the establishment of this national policy concern, The Tokyo press says. The bill for the establishment of the company as the nucleus of Japan's North China economic activities has already passed the Diet and preparations have been being made to hold a meeting of the preparatory committee early next month.

Military authorities have made a declaration that they desire very much to have as many soldiers at the front as possible hold shares of the new company. Before subscriptions to the company's shares were solicited, applications for subscriptions have been received by Government authorities in abundance. The company is to have a Yen 350,000,000 capital, of which the Government is to offer Yen 175,000,000, and the rest, amounting to Yen 175,000,000, is to be undertaken by the peoples of Japan and China.

Japan Expecting Foreign Aid

Toshio Shiratori, chairman of the Special Government Agency, said recently that Japan expected to obtain some of the funds necessary to develop North and Central China areas from British and American interests. "We expect to be able to rely on American and British pockets" for at least part of the funds with which to develop the Japanese occupied territory" the Japanese Minister to Sweden said. Referring to a report of the United States Steel Corporation granting a Japanese canning concern Yen 10,000,000 credit, the former Foreign Office spokesman said that China would soon be the world's greatest and only safe place in which to invest money.

With the object of recovering the temporary depression of the Chinese navigation market affected by the China war and expanding Japanese navigation rights in China, the Shipping Bureau of the Ministry of Communications in Tokyo has been making a close study since the close of last year of temporary and permanent measures to achieve the end by despatching ministerial officials to China to make spot surveys of the situation.

The Shipping Bureau in this connection has drafted a concrete plan and will make a report upon it to Communications Minister Ryutaro Nagai within a few days. A ministerial conference will also be held in the near future to decide upon a fundamental plan. As one of the temporary measures concerned, the Shipping Bureau submitted to the last session of the Diet a supplementary budget No. 2 involving Yen 1,890,000 to be spent as subsidiary to the Japan-China routes managed by the Nisshin Steamship Company. As a permanent measure, the Shipping Bureau apparently is planning to create a giant private company, capitalized at about Yen 200,000,000 by a large-scaled combination of the Japanese shipping industrialists, tasked with monopolistic control over all navigation activities in China including the Chinese coastal and inter-river routes.

Japanese Claim Chinese Plane Losses Are Heavy

Startling to those well-informed last week was the announcement of the Japanese Admiralty of the number of Chinese planes claimed to have been destroyed. Chinese losses were placed at 783 machines, of which 339 were said to have been shot down in combat and the remaining 444 were destroyed on the ground Japanese reports claim that China's present air force includes 220 machines, about 50 of which are Soviet-manufactured planes bearing the Nationalist insignia. The Japanese Navy has lost 78 planes in China between August 15 and April 4, the Admiralty announced.

British aircraft are represented on the Hankow Government's air force by about 40 "Gladiators." There are also eight Bellanca machines, the report added. Since December, the correspondent asserted, the Nationalist Government has imported about 60 planes a month, but these have been rapidly destroyed by Japanese air raiders.

Will Hitler Retrieve Former Colonies of the German Empire?

HISTORY, to note with a certain amount of triteness, has a strange way of repeating itself. Tearing a page from the current panorama and placing it beside the events prior to 1914, when Kaiser Wilhelm's insatiable ambitions plunged the world into a four-year holocaust, it appears that German history has made a complete cycle in the period of 24 years. German ambitions today are as great as when the Hohenzollerns completed the massing of their military might.

So, once more the German Eagle has spread its claws and sunk them into Austria, the land of Adolf Hitler's birth. Where next will the Fuehrer strike? Will it be Hungary, Czechoslovakia, Poland, Lithuania or the Ukraine? Astute political observers believe he may be considering a compromise with Poland whereby Poland should control Lithuania in exchange for Reich expansion into Danzig and possibly the Polish corridor. This week reports tell of Hitler's offer to Mussolini by which he would extend aid to Il Duce in conquering Savoy, Nice, Corsica and Tunis on condition that Italy accepts Germany's prenetration in the Danubian region to the Black Sea.

The above map shows the geographical situation of the ex-German colonies, which fall into two groups: one constituted by her former African possessions, and another of those in the Far East and the Pacific. The islands shown, former German possessions, are now governed by Japan under mandate. Japan's anti-Communist pact with Germany and Italy was widely taken as a move associated with Germany's "Return the Colonies" campaign. This campaign, however, seems principally concerned with colonies now under British control. Shown on the map also, is Tsingtao, former German colony, seized by Japan during the world war, later returned to China only to be seized again.

But this is not all. Germany has begun to apply pressure for the return of her former widespread colonies, lost during and after the world war. But the move is not something of the moment. No modern statesman ever revealed his intentions more clearly than the Fuehrer himself. With no fear of the consequences of his brutal frankness, he committed them to paper in 1924 and, on his accession to influence in the Third Reich, published them as a book under the title *Mein Kamf* ("My Struggle"). In this were laid bare the story of the German Chancellor's formulation of National-Socialism and his dream of a United Germany in which would be bound together all Europe's German-speaking peoples, their lost colonies regained and their military strength restored. Nothing that the world has done has so far barred Hitler's march towards this aim. The Versailles Treaty has been torn to shreds. Locarno has been trampled on. Communism has been suppressed and Jewry victimized. A mighty new army and navy and air force has been created, and daily more insistent grows the Nazi clamor for colonies torn from her in 1918 as the spoils of war.

A New World Distribution

It was not too startling then, that Dr. Joseph Goebbels, Reich Minister of Propaganda, should declare last week: "We believe that a rare moment has come when the world is to be distributed anew. German history is a chain of lost opportunities. When we cast ourselves into a war lasting 30 years on a theortetical issue, England began to build up an empire."

Dr. Goebbels began his agitation for the return of pre-war colonies last November, when he opened his enlightment campaign. Since then, the Nazis have been striving to bring the question to a head. The doctor knows that Germany faces serious problems in this campaign, and is adopting clever steps to combat them. He said:

"There are problems to be solved today, but it is necessary to proceed cleverly. The French press was annoyed when the march into Austria occurred during the French Cabinet crisis. But I am perfectly willing to explain to Britain and France the problems which have not yet been solved and which are fitted for a solution by negotiation. They are the problems which cannot be circumvented. For instance, Germany is the only great power without colonies. It is impossible to say when—just as little as one could say when Austria would be incorporated or the Rhineland occupied. All this takes place step by step at a time when we run the least possible risks. Competition has arisin with the definite intention of competing for the wreath of victory, and we demand to regain the place in the sun we lost by our stupidity."

Last November, when Dr. Goebbels opened the return-the-colonies-campaign, he told 20,000 people assembled in the German Sports Palace at Berlin:

"Germany came off badly in the division of land. Not because we were too weak, or cowardly, but because we had no political thinkers and no political leaders to mould the nation's unity. Some other countries in Europe have only 32 inhabitants per square mile, while we have to get 345 people into the same area.....That is why there is sometimes a shortage of butter one month and beef or margarine the next... Other nations have no anxieties on this score. Rich England and rich France, they can afford things. They have whole continents at their disposal. They swim in wealth. They have space to sow and reap, supplies of gold and Heaven knows what."

Economically Unimportant

With her African colonies, Germany lost her hold over some 13,000,000 people; while the German inhabitants of them numbered some 18,000 in 1914. It has often been pointed out that these African possessions benefited her little from an economic point of view, and in fact, Togoland, the smallest, was the only one which was really self-supporting. Tangayika was the only self-supporting as far as civil administration was concerned. Of course, questions of strategy and prestige transcend economic considerations in this matter. Tsingtao, lost to the Japanese during the war, later returned by Japan to China and again re-taken by the Japanese, also was important from a strategical point of view.

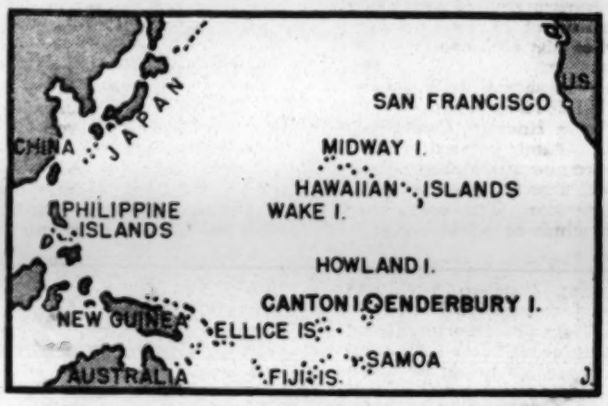
The circumstances of the renewed German campaign for the return of her former colonies, coupled with the offer made by Hitler to Mussolini this week for recognition of German expansion, makes it seem likely that Italy is to play an important part as a supporter. In a speech on the 15th anniversary of the Fascist march on Rome, Il Duce said: "Certain glaringly absurd clauses of the Peace Treaties must be revised. A great people such as the German people must regain the place which is due it . . . . beneath the sun of Africa.

In this connection, an article in General Goering's paper, the *National Zeitung*, is of interest. In this it was maintained that the British argument that the colonial question is a purely Anglo-German problem is false; while Italy, rightly, regards it as of international political significance. Moreover, the article points out, Italy's support of Germany's colonial claims is particularly valuable, because she was one of the Versailles Powers, and, as a League member, can support future German measures.

The German aims were made unmistakably clear in a recent Hitler address:

"From year to year the demand will grow stronger for those colonial possessions which Germany never took away from another power and which are for their possessors today as good as worthless, though for our own nation they appear indispensable. I wish at this juncture to repel the hope expressed that it will be possible to haggle away our claims by the offer of credits. We desire not credits, but the fundementals of life which would enable us, through our diligence, to ensure the existence of the nation. Above all, we do not seek naive assurances that we shall be permitted to buy what we need. Such declarations are regarded in Germany with nothing better than disdain, and we decline to accept them for once and for all."

To Germany, the colonies, more than anything else, are a symbol of imperial power and glory. Few people in Europe believe that the Nazis would be satisfied, however, with the mere return of her African colonies. Germany means to retrieve every last one.



Tiny islands in the South Pacific have assumed importance as air bases in projected trans-oceanic routes. The United States, Great Britain, and New Zealand have been disputing over rights to certain of these islands, notably Canton and Enderbury. America recently hoisted its flag over Canton Island.

American Expansion in Pacific Alarms Japanese

In the Pacific, however, a new type of expansion in current history is proceeding, with America, Japan and Great Britain making the moves on the 68,000,000 square mile expanse of the Pacific. This ocean, some 9,000 miles in length, with 4,900 miles of water between Seattle and Yokohama, is too vast to be dominated from the four great continents and the two frozen land masses that border it. The key to its conquest has been for ages past, is now and will continue to be, at least in the immediate future, the atolls and myriad islands that are sprinkled here and there. In the South Pacific, these islands first were utilized at fueling stations; later, cable or radio stations. Some of them serve the same purpose today. However, their great importance at the present time are their great potentialities as naval or air bases or stations, which extend the radius of action of the fighting fleets.

It was, then, viewed with alarm in Tokyo recently when America hoisted its flag on Canton Island, south of the Hawaiin group and adjoining Enderbury Island, slightly to the north of the Somoan group. Japan immediately charged that the United States was expanding her Western oceanic frontier and that Nippon would take proper steps to oppose it. A naval spokesman for Japan uttered, "We cannot but watch the situation with grave concern." While he admitted that no definite demarcation had hitherto been officially made in regard to the Western Pacific, he said, "When we say Western Pacific, we mean that area in the Pacific which is necessary for safeguarding Japan's national defense, with the Japanese Navy in firm command of the sea."

Frontier Moves Westward

In Washington, however, an ominous silence surround these movements. There are some who do not deny that the American defense area, which a year ago was a triangle extending from Dutch Harbor to Hawaii and thence to Panama, has now become a greatly-enlarged triangle whose lines extend from Hawaii to Samoa and thence to Panama. The new Hawaii-Samoa line is obviously meant to flank the Japanese-mandated Marshall Islands in order to secure Panama. There is no doult that America's eagerness to control Canton and Enderbury islands is motivated by a desire of strengthening the new defense line. Observers feel that it is likely that Britain will concede America the Canton-Enderbury group if America allows British planes landing privileges there as a part of the British Empire airway extending from Singapore via Australia and New Zealand to Canada.

America's westward expansion goes on. The United States already claims Midway, Howland, and Jarvis Islands, and President Roosevelt has prepared an executive order directing that several more be taken over. It this is done, there may be some controversy, because the nations who now claim will protest the move.

Japan Warns America on Pacific Areas

A warning to the United States that Japan considers herself the "Guardian of the Western Pacific" and that any refusal on the part of the United States to agree to a delimitation of areas in the Pacific was a matter of the "gravest concern" to Japan was made by the Navy Ministry spokesman in Tokyo last week. Referring to the letter recently sent by Cordell Hull, U. S. Secretary of State, to the Chairman of the Senate Naval Affairs Commission, in which Hull opposed a "stay-at-home" policy for the U. S. Navy or the establishment of a naval frontier beyond which United States warships should not operate, the Navy Ministry spokesman declared:

"It looks as if the United States defense line is advancing westwards. On the other hand, Japan intends to safeguard the Western Pacific. If the United States is opposed to the establishment of a naval frontier, we cannot but watch such a policy with the gravest concern, especially as we fail to find a reason for the United States wishing to retain the 5-5-3 ratio."

Asked to define the term "Western Pacific," the spokesman declined to specify any longitude or latitude. "The idea," he said, "is to include the area which it is necessary to defend from the standpoint of the Japanese Empire's national security. We are now assuming the position of guardian of the Western Pacific," he added, "as the United States is not the guardian of the whole Pacific. It is imperative that Japan should control the Western Pacific. National security also makes it necessary for Japan to secure her lines of communication as she is getting much of her subsistance materials from overseas."

In a letter to the Chairman of the Senate Naval Affairs Committee sent on April 3, Cordell Hull stated that the United States must be free to defend the rights of Americans anywhere in the world. The establishment of a naval frontier beyond which United States warships should not operate, he added, would erect "an imaginary Chinese wall and expose American citizens to attack anywhere in the world outside the wall."

Naval troubles confronting the world today can be traced to the "defective London Naval Treaty," Rear-Admiral Kiyoshi Noda, spokesman for the Navy Office, declared in Tokyo. The faulty London Treaty was concluded, he said, when England, America and France were prompted by a desire to "patch up a situation arising from their rejection of Japan's disarmament formula."

Adducing Japan's refusal to reveal her naval construction plans as a reason for invoking the escalator clause of the treaty was a "mere transparent trick" on the part of England, America and France, Rear-Admiral Noda said. "I have nothing to add to the Government's statement and the Vice Navy Minister's informal statement of Feb. 12, when the Japanese Government refused the request of the three powers for information on Japan's naval building plans," he declared. Japan's position, including stout opposition to the exchange of information on naval programs, was well known to them in 1936, when they rejected Japan's disarmament formula."

Observing that the new limit on capital ships had not yet been decided by the three powers, Rear-Admiral Noda said, "it is not known when Britisn or America will start building superdreadnaughts, but it is natural that Japan will watch the situation with grave concern." He emphasized that he had nothing to add to official statements issued on Feb. 12, wherein the Japanese Government expressed readiness to participate in a naval disarmament conference which attached primary importance to quantitative limitations. At that time the Japanese Government intimated that Japan would be compelled to review and revise her naval plans if other naval Powers start naval expansion by building larger vessels.

To Test Japanese Plane

After eight months of enforced idleness the huge experimental plane of the Tokyo Imperial University will make a test flight from Haneda International Airport in Tokyo to Tachikawa or Kisarazu "very soon" it was announced this week. A special appropriation of Yen 100,000 has been made by the institution to put the nine-ton machine into shape and carry out the flight. The builders of the Yen 750,000 plane claimed it could circumnavigate the globe with three stops.

Texas Cotton Seeds for Szechuen and the Future of Gold Sand River

BY HIN WONG

THE destruction of Chinese cotton mills in Shanghai, Wusih, Tsingtao, and other places under Japanese military occupation does not seriously inconvenience the inland Chinese who have been for some time dependant on the outports for the supply of yarns and the import of foreign piece-goods. The Chinese in China outside the war zone, including those in Szechuen and other western provinces, are to return to the handicraft system in the manufacturing of cotton yarn and the weaving of cloth by wooden looms.

Since the price of imported yarn is now ranging from $441 to $530 a bale up the Yangtze River, something must be done locally to remedy the situation; and the Provincial Government of Szechuen have decided to improve home products as the first thing. Representation has been made to the central military authorities now controlling heavy transportation to enable the Szechuen Government to order 7,000 piculs of Texas cotton seeds from Kiangsu and 3,000 from Shensi, the latter to come first by rail to Paochi and then by highway to different agricultural centers in Szechuen.

Throughout Santai, Kiangan, and 35 other cotton producing districts in Szechuen, the local government in each *hsien* shall equip for model and demonstration for the benefit of public interest a yarn making plant with Chinese implements, the provincial authorities having appropriated $3,000 to each local county seat for experiment in this regard, aside from heavy orders to firms in Santai to turn out as many looms as possible for the use of the trade in all parts of the province.

Imports Were Heavy

Before the war, Szechuen alone imported 20 to 30 million dollars worth of cotton yarn and cotton products annually, while itself only produces about 573,000 piculs of raw materials. Szechuen cotton, rather coarse compared with those in other parts of China, is mostly used to pad bed covers, winter coats or shoes, aside from the making of home-spun. Native cloth made out of this material has been popular lately only with the aborigines of Szechuen and Yunnan, while others in west China have gone using foreign piece-goods, including the Japanese. Late March, 1938, the Szechuen Provincial Government ordered that, beginning this coming summer, all service uniforms, including those of the students of all grades, boys as well as girls, be made of home products, advising the adaptation to native materials.

For some time, even without any formal instruction from the government, but under the influence of a high provincial official, many students and others, including the ship officers of the Ming Sung Industrial Company of Chungking, thus far the largest concern on the Yangtze River under Chinese charter, have been using a material turned out by a factory in Pehpei, up the Kialing River in Szechuen, now marked for a manufacturing center in west China. Agricultural experiment stations in the cotton districts of Szechuen have been for some time interested in the improvement of the industry. In the meantime, import of finer cotton yarns for the production of higher class of goods may have to be continued. Among the several cotton mills to be moved up the Yangtze for operation will be the Chen Huan Mills of Hankow.

In other words, what the coastal ports lose may be what the inland cities gain, and destruction in one section would hasten the constructive endeavor in another part of China.

Possibilities of Gold Sand River

The Szechuen-Yunnan Railway, now projected, and when realized, would not only provide more outlets to west China but also greatly assist the Nation in her coming rehabilitation following the present misfortune.

Much of the suspected obstacles on the way do not exist, according to C. T. Liu, a civil and mining engineer formerly with the Tientsin-Pukow Railway who, since January 19 last, has been heading a reconnaissance party which arrived late March at Kunming, also known as Yunnanfu, the capital of Yunnan. Liu returned to Chungking, Szechuen, to prepare a preliminary report to be submitted to the local and central authorities now anxiously seeking a way out for the trade of the provinces concerned.

The reconnaissance party started from Suifu, Szechuen, to Kunming (Yunnanfu) by way of Pingshan, Suikiang, Leipoa, Shaochia, and Tsoongming. It is being proposed by Liu and his party, who have been undertaking the investigation under the auspices of the Provincial Government of Szechuen, that the Suifu-Kunming line follow the river beds of the Chinshakiang (Golden Sand River) as far as possible, involving the necessity of nine bridges of more than 200 meters or less. On account of the nature of excavation, the line may be divided into three sections for construction purposes. One will be from Suifu to Leipoa, 195 kilometers, all within Szechuen. The second will connect Leipoa and Shaochia, 247 kilometers, and for this a tunnel of at least one kilometer has to be borne, in addition to four bridges which had to be built. The third, the most difficult to be planned, will be the final section from Shaochia to Kunming. It will require several long bridges and a tunnel of more than two kilometers to overcome the majo obstacles. When the plan is realized, however, China will have open to her a hitherto unexploited area of natural resources. According to Liu, who is himself a native of Leipoa, Szechuen, this region of China is best adapted to rice and sugar cultivation; and among the known minerals may be mentioned the coal, iron, copper, nickel, lead, and others. Chinshakiang, a tributary of the upper Yangtze River, is well-known for its gold sand which may be washed out; but on account of lack of good means of communication and the thin population of the district, very few would dare to make permanent settlements there. A railway would open this area for gold and other mining enterprises.

Yunnan in recent years has also started a good-roads movement and from its principal towns efforts are being made to reach Tibet by improved highways and not the old paths. From Tibet, India may be reached. There is now already a railway from Yunnanfu to Haiphong in Indo-Chine, and the projected Szechuen-Yunnan line will enable through service from the heart of west China to the sea. The Szechuen-Kunming line will eventually link up Chengtu which is to be connected by the Chengtu-Chungking Railway, a section of the projected Szechuen-Kweichow line, part of which is now under construction. From Yunnan, by way of neighboring territories, outlets to the sea may be found, and the anxiety of the authorities of China to expedite the present road construction program is being shared by the people, especially those in Szechuen who have now several labor corps of more than 50,000 each in active service day and night in the bordering districts.

Puppets—Japan Cooperate in New Iron Firm Here

An iron mining company with a capital of Yen 10,000,000 was organized in Shanghai last week, under the auspices of the Reformed Government of China, according to the *Shanghai Nippo*. Establishment of the company, the daily said, bears out a statement made previously by Wang Tzu-hu, minister of industry in the "Government," regarding the administration's intention to undertake the economic and industrial development of Central China. The new firm, a Sino-Japanese investment company to be known as the Central China Iron Mining Company, will undertake the management of iron mines in areas along the Yangtze in Central China.

The organization ceremony was held at the Japanese Club here. Among the notables present was Kokyo Isotani, vice-president of the powerful Japan Iron Manufacturing Company. About half of the capital will be paid by the Central China Development Company and the other half will be subscribed by the Japan Iron Manufacturing Company, the Nippon Kokan Kaisha, the Asano Iron Manufacturing Company, the Nakayama Steel Works, Ltd., the Kokura Steel Works, Ltd., the Hsing Chung Kungssu, and the Sino Japanese Industry Company. The first installment of the capital has been fixed at Yen 2,500,000. During its first year the company is expected to produce 1,000,000 tons of iron ores; annual production will be increased to 5,000,000 tons in five years, the Nippo said.

Speaking on behalf of the Japanese authorities, Major-Gen. Harada said he was happy to withness the inauguration of the company, "while the populace is still cheering the establishment of the Reformed Government. As the iron ore deposits along the Yangtsze River are regarded as the largest and finest in the Far East," he said, "the Company is assured of business and profits. We hope that those who will manage the Company's affairs will think not only of developing the iron manufacturing industry of the Orient but also of giving adequate means of livelihood to the people and of assisting the new Government in establishing a paradise on earth."

Responding for the Chinese, Wang said the establishment of the Sino-Japanese firm within ten days of the inauguration of the Reformed Government was a "proof of the intentions of the new administration." The basic principles under-lying the policies of the Government were defined by Wang as "establishment of permanent peace in the Orient, promotion of amity with neighbors, rehabilitation of the areas visited by war, economic revival, and creation of a paradise in Central China."

Mining Officials Named

Shareholders of the newly organized North China Gold Mining Company held an inaugural general conference here last week and elected officers. Three Japanese officials representing the powerful Sumitomo interests were elected new staff members of the concern. Two others representing the North China Development Company were also chosen for official positions.

Outstanding Events in the Sino-Japanese War

A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th issue of The Review.

March 16.—Fierce fighting continues between Chinese and Japanese forces in southern Shansi; casualties on both sides heavy.

Despite desperate efforts, Japanese troops in northwestern Shansi have so far failed to gain foothold on Shensi side of Yellow River; Over 1,000 Japanese soldiers who succeeded, under heavy artillery barrage, in crossing the River March 11 and occupying Matikou, northeastern Shensi, opposite Hochu (northwestern Shansi), were finally driven back to Shansi side of the River.

Japanese forces on Tung-Pu Railway said withdrawing because the line of communications cut by Chinese at several points.

March 16.—Gen. Ling Piao, Commander of 1st Red Army Corps, reported wounded while fighting in western Shansi.

March 16.—Desperate battle also in progress on northern sector of Tientsin-Pukow Railway in Shantung; Japanese advancing southward along Railway in three columns. Main column attacking Tenghsien.

March 16.—Six Japanese planes made night raid over Hankow, dropping some 30 bombs.

Nanchang (Kiangsi capital) subjected to 4 night raids March 15. More than 60 bombs dropped.

Canton and vicinity also raided.

March 16.—Wide-spread rumors in Shanghai that Japanese intend to seize French Concession. Reports refuted by Japanese Embassy spokesman.

March 16.—Gen. Teng Hsi-hou assumed his new post as Pacification Commissioner of Szechwan and Hsikang, succeeding the late Gen. Liu Hsiang.

March 16.—Kuomintang to hold Emergency National Congress at Hankow March 29.

March 16.—**Reuter's News Agency** issued statement refuting Japanese charge that it was subsidized by the Kuomintang Party. Stated it only had a news exchange agreement with **Chinese Central News Agency**, which was entirely a private business contract between the two agencies similar to news contract with Japanese **Domei** service.

Japanese charge was based on alleged discovery in Gen. Chiang Kai-shek's former headquarters in Nanking of an alleged budget of expenditures by the Central Party Headquarters showing an appropriation of $40,580 for "encouragement of the newspaper industry," of which Reuters allegedly received $10,000. **North-China Daily News** demanded that Japanese produce documents proving their allegations.

March 16.—Central Bank of China has opened office in Hongkong to facilitate enforcement of new foreign exchange regulations. Foreign banks in North China refuse to accept new notes issued by Japanese operated "Federated Reserve Bank" in Peiping.

March 16.—General Chiang Kai-shek orders construction of motor road linking Kweilin, Kwangsi Capital, with Canton. Another highway between Kunming, Yunnan capital and Burma border also being built. Both roads necessary for military transport.

⁂

March 17.—Japanese forces in south Shansi reported withdrawing northward owing to activities of Chinese mobile units on both sides of Tungpu Railway.

Japanese troops north of Yellow River launch attack on Chinese positions between Chengchow and Tungkwan, attempting to cross River at Maotsingtu; fighting continued.

March 17.—Wuhsing (Huchow), important Chekiang city on Nanking-Hangchow Highway, recaptured by Chinese troops March 15, according to Chinese report.

March 17.—Heavy fighting continued north of Tenghsien, on northern sector of Tientsin-Pukow Railway. Japanese claim rapid advance along Railway.

March 17.—Nantungchow, important trading port on north bank of Yangtsze River, some 100 kilometers northwest of Shanghai, occupied by Japanese troops. Prior to its fall, it had been main center of food supply for people in Shanghai.

March 17.—First weekly applications for foreign currency under China's new foreign exchange regulations as received at Hankow totaled £1,200,000. Against this sum, allotments of £400,000 were made.

Central Bank asked to open control office in Shanghai.

March 17.—20 million people living in Szechwan are homeless and in urgent need of relief, according to Ronald Rees, of National Christian Council, who returned to Shanghai from Szechwan.

March 17.—Lack of "lucky days" said main reason for repeated postponement of inauguration of Japanese sponsored "Modernized Central China Government," at Nanking. Originally fixed on March I, it was postponed to March 15 and now further postponed.

March 17.—General Chiang Kai-shek, interviewed at Hankow, expressed satisfaction with military situation in Shansi, declaring it would take Japan 3 years to deal with Chinese troops operating in mountanous regions in that area. Stated that strength of Chinese forces two months hence would be double the number that took the field at start of present hostilities.

March 17.—Chinese guerilla bands in Hopei causing Japanese military serious trouble; travel on Peiping-Hankow Railway unsafe as line frequently attacked.

March 17.—Agreement providing for through traffic signed between South Manchuria Railway Company and Peiping-Mukden Railway Administration to take effect April 1.

⁂

March 18.—Driving southward along Tientsin-Pukow Railway, Japanese troops reached Lincheng, near Shantung-Kiangsu border. They also claim capture of Tenghsien, north of Lincheng. To relieve Japanese pressure on the Railway, Chinese left wing forces launch vigorous counter-attack on Tsining, southwestern Shantung. Heavy fighting also raging on Chinese right wing in vicinity of Lingyi, east of the Railway.

On southern Shansi front, Chinese forces report successes; Japanese troops along north bank of Yellow River near Maotsingtu and Pinglu said retreating northward. Chinese troops in Honan and Shensi reported crossed Yellow River and launched simultaneous attacks on Japanese units stationed at various ferry points on northern bank of the River.

Detachments of Chinese mobile units have reached outskirts of Peiping and Fengtai, on Tientsin-Peiping Railway, according to Chinese reports.

March 18.—Tsungming Island, at the mouth of Yangtsze, occupied by Japanese troops; may be used as air-base.

March 18.—Japanese military spokesman declared that charges that foreign correspondents had been bribed by Chinese authorities were made by Tokyo **Nichi Nichi** on basis of its own information and not by Japanese military authorities in Shanghai. He also denied that the Japanese military authorities had specifically accused of any "two foreign correspondents" of receiving bribes from Chinese.

⁂

March 19.—Chinese forces on northern sector of Tientsin-Pukow Railway now holding the line in Vicinity of Lincheng and Kwanchiao, following Japanese entry into Tenghsien. In fighting at Tenghsien, a Chinese Army Commander was killed.

Heavy Chinese reinforcements now taking up positions between Tsaochwang and Taierchwang, on Lincheng-Taierchwang spur line.

Gen. Li Tsung-jen, Commander-in-Chief of Chinese Forces on Tsin-Pu front, reported victory of Chinese troops in Lingyi sector, south-eastern Shantung.

After occupying Nantungchow, northern Kiangsu, Japanese troops claim to have advanced to Jukao, 64 kilometers northwest of Nantungchow.

Japanese planes raid Chinese airdromes in Kiangsi and Kwangtung. Canton-Hankow Railway also raided.

March 20.—Three Chinese Generals, including Division Commander Wang Ming-chang, his Chief-of-Staff Gen. Chao Hsiang-hsien and Gen. Chow Mo-tao were killed, and several other high officers wounded in battle of Tenghsien, southern Shantung.

Japanese advance guard driving along Tientsin-Pukow Railway has reached Hanchwang, 30 miles from Hsuchow. To stem Japanese advance, Chinese forces have launched vigorous flank attack against the Japanese from southeast and southwest Shantung. Gen. Li Tsung-jen personally directing operations, reporting offensive highly successful.

Chinese air squadron heavily bombing Japanese concentrations at Tenghsien. Two Japanese bombers shot down.

March 20.—Japanese military authorities issue regulations governing inland shipping in Central China Areas under Japanese occupation. Permits required of all vessels plying main inland waterways.

***

March 21.—Chinese and Japanese forces on Tientsin-Pukow Railway in southern Shantung now facing each other across Grand Canal southeast of Tenghsien and near Hanchwang. Their front lines separated only by some 50 yards.

Chinese left wing launched (March 19) counter-attack on Japanese forces in vicinity of Chiahsiang and Tsining.

Chinese forces commanded by Gens. Chang Tzu-chung (ex-Tientsin Mayor) and Pang Ping-hsun inflicted heavy casualties on Japanese in battle of Lingyi, east of Tientsin-Pukow Railway, including Cols. Moda and Nakamura. Japanese troops in that sector belong to Japanese 5th Division commanded by Gen. Itagaki, revealed by captured Japanese soldier, T. Lokofuku. He also stated that Japanese 3rd detachment almost wiped out during battle of Liukaiho.

One brigade of Chinese troops commanded by Gen. Ma Chan-shan, hero of Nonni River battle of 1931, crossed Yellow River into Suiyuan March 16 and recaptured Tohsien from Japanese.

March 21.—So-called "Foreign Legion" of China's Air Force demobilized by Chinese Aviation Commission. The "Legion" consisted of volunteers of British, American, French, Australian and Canadian nationalities commanded by Vicent Schmidt, an American.

March 21.—The London Lord Mayor's fund for war relief in China totalled approximately £100,000, including £18,000 in medical supplies and clothing, it was announced in Shanghai.

March 21.—Shanghai Municipal Council made public its reply on March 18 to various demands presented Jan. 4 by Japanese Consul-General Okamoto in regard to the municipal administration. While raising no objection to employment of more Japanese in Police Department the reply stated the Council deemed appointment of another high Japanese official in the Secretariat unnecessary. Amalgamation of Foreign and Japanese branches in Police Department, as demanded by Consul-General Okamoto, also declared impracticable.

March 21.—S. Okamoto, Japanese Consul-General at Shanghai, who had been transferred to Japanese Embassy in London, departed for Japan. He was succeeded by S. Hidaka, formerly Japanese Charge d'Affaires in Nanking.

March 21.—Replying to British protest, Japanese military headquarters at Peiping denied it had ordered that Britons and other foreigners must bow to Japanese sentries. British representations were made in connection with incident involving the Rev. A. H. J. Murray, of London missionary Society, who was assaulted by Japanese sentry at Tsangchow, south of Tientsin, last month, because of his refusal to doff his hat and bow to sentry.

March 21.—Considerable damage done to property on Tsungming Island during and after Japanese occupation on March 18, according to Chinese refugees from the Island.

March 21.—New text books for schools in North China, edited and printed in Tokyo, arrived at Peiping for distribution.

***

March 22.—Gunfire audible at Hsuchow, strategic junction city of Tientsin-Pukow and Lunghai Railways, as Japanese artillery units shell Chinese positions south of Likuoyi, some 20 miles north of Hsuchow, Japanese vanguards reported to have reached Hanchwang, on Kiangsu-Shantung border.

Chinese forces east of Tsin-Pu Line vigorously attacking Japanese positions along the Railway between Tenghsien and Likuoyi, claiming recapture of Lincheng. Units under Gen. Chang Tzu-chung, ex-Tientsin Mayor, scored important victory north of Linyi, inflciting some 4,000 casualties on Japanese, according to official Hankow communique.

On Peiping-Hankow Railway front, Japanese are rushing reinforcements and supplies to Hsinhsiang and other northern Honan cities. Japanese troops on northern bank of Yellow River being withdrawn into southern Shansi.

Heavy Japanese troop movements reported south of Yangtze River between Wuhu and Changchow, on Nanking-Shanghai Railway. Japanese reported advancing in separate columns towards Ihsing and Liyang, west of Taihu Lake, where severe fighting proceeding. Chinese troops also active on Chekiang-Anhwei border.

"Puppet" Passports for Russians Not Recognized by Consulates

Foreign consulates in Shanghai have confirmed the conviction of the majority of Russian emigres here that "Ta Tao government" passports would in no way alleviate their present difficulties with regard to identification documents. All consulates questioned returned one and the same answer—that the issuance of visas was governed by clearly set down rules and regulations, and that under no circumstances could a visa be issued upon the strength of an unrecognized document.

Consulates pointed out that as far as they were concerned, a Russian emigre applying to them for a visa would stand a better chance without any passport than one issued by the "Ta Tao government," since applications were considered upon individual merits in such cases, and exceptions made for emigres who have been left without documents of any kind at the outbreak of hostilities. Diplomatic circles also confirmed earlier reports of *The China Press* that emigres without passports who desired visas to foreign countries for sound reasons could obtain the necessary papers after procuring guarantees as to character and identity from two nationals of the country of destination.

Cartes d'Identite issued to emigres residing in Frenchtown by Concession authorities also bear weight in such cases. No one could prevent emigres from registering with the "Ta Tao administration," it was stated, but the documents thus obtained would in no way enhance the emigres' chances of receiving desired visas, but would on the contrary spoil whatever chances do exist upon their presentation.

Rail Lines Opened to Public

Effective on April 10 the Shanghai-Nanking, Shanghai-Hangchow and Soochow-Kashing Railways were opened to the general public, including Chinese. For the time being old cars will be used but in the near future new carriages will be placed in service on the lines. The three lines have been completely repaired by the engineer corps of the Japanese Army. They have furthered rehabilitation work in the area and the quick movement of troops.

In the United States Court for China

ERNEST F. VETKOETTER, Plaintiff,
v.
MARION ELAINE P. VETKOETTER, Defendant.

Cause No. 4320
Civil No. 2199
ORDER

Filed at Shanghai, China, April 14th, 1938.
William T. Collins, Clerk.
E. J. Collins, Dep. Clerk.

ORDER

The object of this suit is the dissolution of the bonds of matrimony between the parties hereto.

WHEREAS plaintiff herein, by his attorneys, has this 14th day of April, 1938, made application for the substitution of publication for personal service of summons upon the defendant herein; and

WHEREAS it appears from the files of this case that on the 14th day of January, 1938, the summons for the defendant was returned by the Marshal of the United States Court for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS it appears from the files of this case that on the 14th day of April, 1938, Ernest F. Vetkoetter, the plaintiff herein, filed an affidavit to the effect that the defendant herein was not residing in the Republic of China nor has she been within the jurisdiction of this Court during the last two years previous to the 14th day of April, 1938.

NOW, THEREFORE, it is this 14th day of April, 1938 ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the "China Weekly Review" a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 30th day of April, 1938, the day of the last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT.
MILTON J. HELMICK
Judge,
United States Court for China.

The Japanese Army Moves—Backward!

A new Chinese army, relentless in its crushing attack, this week smashed its way through startled Japanese troops in southern Shantung from Taierchwang to 20 miles north of the Grand Canal and east of the Tientsin-Pukow Railway and beseiged the gates of the city of Yihsien. The retreating Japanese army left in its wake, thousands of dead and wounded, hundreds of pieces of machanized equipment.

As the Chinese juggernaut crushed its way north, dismnatling tracks of the Tientsin-Pukow Railway as it went, there was a strange silence in Japanese quarters. The flood of continuous claims of victory suddenly ceased. For the first three or four days, they said nothing. Then Tokyo realized something must be said. Japanese newspapers had begun to wonder. The home situation had to be appeased. So Tokyo told newspapermen, "The reports of Chinese victories are nothing but lies. We consider them too ridiculous to deserve comment." But the world interpreted these statements. They read a flood of denials; saw nothing coming from Tokyo or from Japanese spokesmen in China that could be considered a positive statement. Japan was fooling none but herself. The Japanese government knew that the situation was becoming alarming; knew, also, that her citizens, should they become aware of the situation, might become unruly. So they took a belligerent attitude toward the Soviets, attempting to stir up trouble in order to divert attention to a great problem. They issued to all citizens, "Patience" badges, in order to bolster the waning morale of the people. They were aware that a tougher situation was in the offing when they asked the people, which they are to do shortly, for five billion yen to carry on the war. Japan was taking it on the chin this week, for the first time since she opened her war on China soil.

Withdrawing Toward Northwest

All the while, the Chinese armies were pushing forward on all fronts. In many sectors guerrillas harrassed the Japanese, inflicting heavy losses. On April 12, after delivering a night attack under the brilliant moonlight, in which a Chinese "dare-to-die" corps used hand grenades to blast the Japanese out of their strongly-entrenched positions in the hills surrounding Yihsien, the Chinese are at present approaching the city walls, according to a Chinese military communique received in Hankow. The communique stated that "since yesterday evening the Japanese forces have withdrawn their field pieces and heavy armaments from the city towards the northwest. To cover their retreat, part of the Japanese retreating artillery units heavily bombarded the Chinese positions. The Chinese troops operating on the southeastern outskirts of Yihsien occupied Luankou and Tienkweishan, two strategic points on the highway leading to Yihsien.

"The Chinese column attacking the city from the northeast is nearing Yihsien, following the occupation of Shuanshan."

Continuing, the communique further declared that the "Chinese forces, attempting to cut communications between Yihsien and Tsaochwang, launched an attack on 1,000 Japanese troops holding Kwolitsi, north of Yihsien. The Japanese are now preparing to withdraw from Yihsien, retreating in a northwesterly direction." In the Lingyi sector, the communique declares that the opposing forces are facing each other at Chuchen, "where more than 1,000 Japanese reinforcements have been sent to defend the village, which is being attacked by the Chinese from all sides."

Turning to the eastern front, the Chinese communique stated: "The Japanese forces are holding out against the Chinese offensive at Chuagchuchen, 16 kilometers southwest of Ishing, west of Lake Tai in Kiangsu, and at Taifuchen, 20 kilometers south of Liyang, in strongly fortified positions in the hills. With reinforcements pouring in, the Japanese troops have vigorously resisted all Chniese attacks. The Chinese, trying to out-flank the Japanese defenders, are moving tothe north of Changchuchen and Taifeuchen." The communique further stated that Chinese troops operating in western Suiyuan had occupied Chaochunwen, 35 kilometers southwest of Paotou.

Positions Strengthened

The aim of the Chinese operations on the northern part of the Tsinpu railway is to prevent the Japanese from breaking through to Taierchwang in southern Shantung, cost what it may. For this reason the Chinese positions in the Lingyi section have been strengthened. This consideration, Chinese quarters declare, also accounts for the Chinese attacks on Tsinanfu. It seems as though the strategic aim of these struggles is merely to obstruct the efforts of the Japanese garrisons on the Tsinan-Tsingtao railway. This view is supported by the fact that the two opponents are face to face at Peimashan, 15 kilometers south of Tsinanfu and that the Tsinpu railway between Tsinanfu and Tenghsien has been completely destroyed so that it is impossible for the Japanese to use the line for transports of any kind to the south of Shantung.

Street fighting was going on April 9 in Tsinan, former capital of Shantung, after a sensational descent on the city by Chinese troops, who entered after storming the south, east and west gates. The Chinese, said General Li Tsung-jen, had occupied the Shantung Christian College and the Union Hospital at Chianfushan, in the vicinity of south gate, the Hua Me Hospital, near east gate, and business section around the west gate of the city.

Chinese reports April 11 stated that Japanese planes bombed Hunan and Tsinghua universities outside Changsha, capital of Hunan. This alleged action is characterized as forming part of "a deliberate attempt to destroy China's cultural institutions. Aftre destroying Chinese universities in the Shanghai, Tientsin, and Peiping areas," says a typical newspaper comment, "the Japanese are now trying to destroy the few remaining Chinese universities in the interior." Twenty-seven Japanese bombers dropped over 70 bombs on Hunan and Tsinghua universities, according to Chinese reports. Tsinghua University was only recently transferred from Peiping to Changsha.

In the South, further Japnaese activity was noted. Kaying (Meihsien), in northeastern Kwangtung, was raided by two Japanese airplanes April 10. Another squadron of five Japanese airplanes also bombed Yingtak and other points on the Canton Hankow Railway. A Japanese warship shelled the Amoy forts, in south-eastern Fukien. More than 20 shells were fired. The city was also raided by a Japanese airplane April 9. Eight bombs were dropped. Tzeki, northwest of Ningpo, was bombed by a Japanese airplane on April 8. Four bombs were dropped, destroying more than ten houses.

100 Die in Canton

More than 100 people are feared to have been killed and many more injured when a single Japanese bomb fell in the centre of Canton April 10. The bomb fell while the centre of the city was very full, the populace celebrating the victories claimed by the Chinese on the Tsinpu railway front through gaily beflagged streets. The only foreign witness near the scene when the bomb fell was Mr. John H. Barrow, the radio operator of the U.S.S. Mindanao, a native of Rockham, South Dakota.

Japanese Raid Hankow

A moonlight air-raid on Hankow April 12 by Japanese bombing planes was repulsed when a squadron of Chinese pursuit machines strafed the invading aircraft with machine-gun fire and drove them away after a dogfight above the city lasting 15 minutes. The air-raid alarm was sounded shortly before 8 p.m. when six Japanese bombing planes were sighted en route to Hankow, coming from the east. Chinese pursuit planes immediately took off and soared high above the city where they awaited the arrival of the Japanese aircraft, which appeared about 15 minutes later. Searchlights spotted the invaders, but anti-aircraft batteries did not open fire leaving the sky open for the Chinese pursuit planes. The Japanese planes dropped about 20 or 30 bombs in the vicinity of the Hankow Race Course, beyond the former Japanese Concession.

Various factors which made possible the Chinese successes in the battle at Taierchwang were explained by General Chen Cheng, the commander of the garrison of Hankow this week. The general, moreover, expressed the opinion that these factors will play a decisive role in the future operations. He pointed out that the Japanese made the grave mistake of underestimating the Chinese power of resistance. The Japanese believed that they would be able to conquer China with a relatively small force of troops, and the Japanese line of advance was therefore only held by a thin line of troops. Serious natural obstacles of terrain in Shantung did not allow the Japanese to employ mechanized units so that the chief factor which gave the Japanese superiority in the earlier operations in toher sectors was eliminated.

Morale Improves

The General enumerated several other factors which operated in favor of the Chinese in the recent fighting, namely confidence of the Chinese army and of the civilian population in the ultimate success of the Chinese arms, the experience gathered by the Chinese in the early phases of the present conflict which is the first modern war in which the Chinese army has hitherto been engaged, and finally the fact that the morale of army and population improved and the people's readiness to make sacrifices for the nation increased since the early days of the conflict.

He referred to the serious fighting which, he said, is in progress for several weeks in the region of the towns on the Hangchow-Nanking Road. Constant attacks on the Japanese garrisons in this region are compelling the Japanese to maintain a large number of troops at the Yangtse river and are simultaneously undermining the strength of the Japanese position in the region south of the Yangtse.

Shanghai to Keep Orchestra

Twenty thousand dollars, in addition to their usual contribution, will be paid by the French Municipal Council towards the maintenance expenses of the Municipal Orchestra, it was revealed April 12 at the Annual Meeting of Ratepayers in the Grand Theatre, in the course of a lively debate on whether or not the orchestra should be retained. The amendment to the resolution proposing the addption of the budget for 1938, which would have killed the orchestra if it had passed, was lost by a large margin. There were 370 ratepayers present. In a spirited attack on the orchestra, Robert L. Stewart, who proposed the amendment, said that Shanghai had long been in the hands of a "music monopoly." The orchestra, he said, "poisoned economies" and impaired efficiency. He spoke for more than forty minutes, and was roundly applauded. He was opposed by H. E. Arnhold, E. F. Harris, J. H. Potter, and C. S. Franklin, the last of whom replied to Stewart's criticisms of Council employees, which were to the general trend that they were throwing dust in the eyes of the Councillors.

Does Japan Want to Fight Soviet Russia?

Is Japan actually attempting to provoke a war with Soviet Russia, or are the daily series of potentially explosive events cropping up in North Saghalien, where lie Japan's oil and coal concessions, and the growing belligerency of Nipponese military toward the Soviets merely a staged drama to arouse the lagging war spirit of Japanese citizens, now definitely weary of the China campaign?

While the Soviets, keenly watching Japan's activity off the Siberian coast, charged that the Sino-Japanese war has revealed the "whole rottenness of the military and economic structure of Japan," and the Tokyo foreign office countered with, "If Soviet Russia cares to aggravate the situation, we shall not hesitate to respond," the world this week wondered as to the eventual outcome.

The Japanese ire was aroused over the alleged suppression of their nationals and interests in North Saghalien. "We must watch," a foreign office spokesman said, "what attitude the Soviet Government will assume towards our interests.

Japanese oil and coal concessions, in North Saghalien, the spokesman said, were obtained by virtue of treaties and, therefore, "must be retained." Enumerating the alleged acts of "outrageous oppression" against these concerns, the spokesman said about 20 of their officials have been arrested up to now "under one pretext or another."

Japanese Living in Fear

Seventeen hundred other Japanese officials and employees of these firms, he declared, are "living in a state of terror." In an editorial dealing with the Soviet-Japanese relations, the Miyako declared that "the series of oppressive and outrageous acts against the officials of Japanese oil and coal companies is certainly not a manifestation of Moscow's old policy of pin-pricking, but, on the contrary, a reflection of a new policy of isolationism and suppression of foreign rights."

Soviet-Japanese relations have shown rapid deterioration in the past week. On April 4, Mamoru Shigemitsu, Ambassador to Moscow, filed a protest against Soviet intervention in the Sino-Japanese armed conflict. M. Maxim Litvinov, Soviet foreign commissar, rejected the protest. On April 6, in a statement to the press, a spokesman of the Foreign Office declared that "there can be no doubt that Soviet military aid to China has been carried out by the direct orders and guidance of the Soviet Government." On April 8, the Gaimusho published a pamphlet attacking "oppressive acts" allegedly committed by the Russian authorities against Japanese diplomatic establishments and commercial rights and interests. "These outrages," the pamphlet said, "are aggravating the already sufficiently strained Soviet-Japanese relations."

Soviets Rap Japan

The newspaper *Pravda*, official Soviet mouthpiece, declared this week that "the entire military and economic structure of Japan is rotten: the insufficient development of heavy industries, the ruin of agriculture, the strained state of finances and the dependence upon imports.

"The full base of Japan is unable to satisfy the tremendous needs of war. Japan does not possess coking coals necessary for the production of ferrous metals. The greatest part of oil is being imported from abroad. The metallurgy of ferrous metals in Japan are developed extremely insufficiently for waging a lengthy—'great war.' The machine building industry is considered lawfully the core of war industry. Meanwhile, machine building in Japan is developed insufficiently. It holds the second place among other branches of industry in the number of workers and the fourth place—in the cost of production. The industry of Japan is distinguished by a technical variation. Alongside with big factories and plants, there are a great number of small enterprises which are still now rather important.

"The agriculture in Japan is the 'heel of Achilles,' of its military and economic structure. Japan experiences a great shortage of products. The financial situation of the country is extremely tense. At present Japan is apparently waging the war at the expense of stores formerly accumulated, but these stores are insufficient for waging a lengthy war. The war has caused a great aggravation of living conditions of the toiling masses. The internal situation of the country is extremely tensified.

Chinese Reported Arrested

Scores of Chinese were arrested last month by the G.P.U. agents in Vladivostok on charges of espionage, Seoul newspapers said this week. Raids on Chinese homes and business establishments were, according to the press, carried out on March 16 and 27.

Uphold Soviet's Sentence

The Appellate Court here in Hakodate upheld a district court's sentence, imposing a fine of Yen 1,500 upon Captain Karataev, of the Soviet S.S. Kuznetstroy, for violating the Military Secrets and the Shipping Laws. He was arrested on Feb. 19 after his ship dropped anchor in the closely-guarded Tsugaru fortified zone, off Aomori Prefecture.

Meeting at Hankow?

Japan and Soviet Russia will possibly meet face to face in Hankow, should the Chinese Communist Party succeed in gaining dominance of the Kuomintang, the *Chugai Shogyo*, leading Tokyo commercial daily, points out. The situation between Japan and the Soviet Union, the editorial pointed out, has been strained of late because of frequent disputes along Manchukuo's border with Russia and Outer Mongolia. The journal declared that a clash of Japanese and Soviet influences in Hankow "might not be backed with armed forces but such a new situation, if it should arise, would be fraught with grave danger."

Capt. Carlson and Epstein Narrowly Miss Death

A Taierchwang report, under the by-line of Israel Epstein, United Press correspondent, this week told how Captain Evans F. Carlson, assistant naval attache, and the writer, narrowly missed death when a wounded Japanese officer, apparently left behind by retreating Nipponese troops, opened revolver fire at point blank range at them as they were returning from Shaochang, former headquarters of the Japanese forces in that area. The Japanese officer, writes Epstein, waited until they were within less than 10 yards of a shell hole in which he lay wounded before opening fire. Carlson and Epstein tumbled into a nearby ditch with the bullets whistling around their heads. Their escape was miraculous and probably only due to the wounded condition of the Japanese officer. Chinese soldiers were quickly attracted to the scene and surrounded them. Waiting until the Japanese officer was forced to reload his revolver, they rushed him with bayonets, not wishing, says Epstein, to fire "for fear of killing Captain Carlson or me." The officer was stabbed to death before he was able to reload. Captain Carlson was the first American official to visit the Eighth Route, or Chinese Red Army, in Shensi and Shansi. After traveling 10 weeks in territory controlled by the Red Army, Captain Carlson returned to Hankow—after walking 800 miles and riding 200 more miles on horses and trucks. Following his service as Intelligence Officer with the U. S. Marines here, the captain returned to the U.S. and prior to coming back to China was in command of a special Marine contingent at Warm Springs where President Roosevelt spent his holidays.

Capt. Carlson

Puppets Collect Consumption Tax in Shanghai

Although a Japanese spokesman disclaimed any official knowledge of the collection of levies around Shanghai, "consumption taxes" are being imposed by the finance bureau of the "Ta Tao City Government" on at least 38 kinds of articles including such daily necessities as rice and vegetables. The spokesman said in a "private capacity" that if these taxes were being collected, they should not technically speaking, be regarded a likin. It was pointed out that the Pootung regime had to have funds to carry on its work, but was not in position to collect the usual taxes. It would seem, therefore, that this was a desirable means to raise revenue, he explained, adding that no government could exist without taxes. In addition to the "consumption taxes," sixteen kinds of main levies have been listed by the Ta Tao finance bureau in an official bulletin written in the Japanese language. Some of these taxes, including the business tax, land tax, house tax and butchery tax, are being collected, others, due to circumstances, could not be enforced, among these being the ponyracing tax.

Chapei "Incident"

An "incident" in Chapei was narrowly averted last week while a group of civilians and U. S. sailors were viewing the bombed areas under Japanese escort. One of the tourists broke off a grave marker of a Japanese soldier to keep for a souvenir. The tourist apologized.

Agreement With Marines

Confirmation of the existence of an understanding between the authorities of the 4th U. S. Marines and the Japanese Army officials here regarding the passage of Nipponese military trucks through the American Defense Sector was made known last week, in a press release from marine.

Chinese Wounded

Three Chinese coolies were shot and wounded at Zaukadoo, off Jessfield Railway Station, by Japanese soldiers this week. One of them is in the Red Cross Hospital another at the Paulun Hospital while the third was released after treatment. One of the patients say that they were hired by a Chinese to remove a coffin in the Chinese territory. When working, Japanese soldiers approached and fired on them, he said.

American Organizations push drive for Relief Work in China

TESTIFYING to the growing public confidence in its fine work of providing for vast numbers of Chinese wounded soldiers and war refugees, more contributions both in cash and materials have been steadily pouring into the coffers of the International Red Cross for Central China which has its office in the Dollar Line Steamship Company building in Hankow. Up to March 8, 1938, the society, organized last September with Mayor K. C. Wu and British Consul-General G. S. Moss as its chairman and vice-chairman respectively, has received $792,666.96 in cash and $116,538.10 in materials such as drugs, bed equipment, splints, apparatus and refugee bedding.

A large portion of the cash gifts was raised in China. In addition to $118,346.68 from individuals and orgnaizations in the country, the National Health Administration has appropriated $200,000 in favor of the society. Among the foreign countries which have given liberally to the cause of China's wounded and homeless, Great Britain heads the list by placing at the disposal of the International Red Cross for Central China $206,394.59 in cash and $66,633 worth of drugs. The United States comes second, Canada third with $71,557.69, Honduras fourth with $2,670 and France fifth with $2,407.45. Other contributing nations and cities include Sweden, India, Haiphong, Malacca, South Africa, French Indo-China, Saigon, Hanoi, Burma and Australia. China's sons and daughters abroad have also given most generously. Their contributions have constituted a sizable share in the $792,666.96 in cash and $116,538.10 in materials, which total $909,205.06.

The Shanghai Advisory Committee which has charge of the allocation of funds for relief services in China which are raised by the American Red Cross, has received an additional contribution of U.S.$100,000. According to the advice from the Red Cross headquarters in Washington, the appropriation was made from the Red Cross treasury and is to be used exclusively for the purchase and distribution of medical and surgical supplies and for medical services.

The contribution of U.S.$100,000 raises the total received from the American Red Cross to U.S.$364,900 since the beginning of the Sino-Japanese crisis last year. Of this amount, U.S.$165,900 was received prior to the initiation of the recent drive, and U.S.$99,000 which has been remitted since the beginning of the drive which is still in progress.

Netherlands Contributes

The League of Nations has received a donation of 50,000 florins to the used for Chinese relief work. Half the amount was given by the Netherlands Government while the other half came from the Government of the Netherlands East Indies. The sum was immediately used for the purchase of medicines, particularly quinine. The medicines have already been sent to China.

Work in Refugee Camps

With fine co-operation from the Shanghai Emergency Relief Committee, the Federation of Shanghai Charity Organizations, the International Relief Committee, the Shanghai Christian Federation and several other philanthropic bodies the Shanghai International Red Cross educational program has now been extended to 184 refugee camps in Shanghai. This program is conducted by an Education Committee composed of Mr. H. C. Chen, chairman, Dr. Herman C. E. Liu, Mr. P. K. Chu, Mr. Ling Kang-hou, Mr. Chen Chi-tseng, Mr. T. C. Chao, Mrs. D. K. F. Yapp, Mr. Daniel C. Fu, Mr. N. B. Doodha, Mrs. Eda Lewis Main, Mr. W. A. Main, Mr. Mao Yun, Mr. Chao Pu-tsu, Mr. Tsai Tsur-chuan, Mr. Chang Dao-hung, Mr. Yao Huei-chuan and Mr. Mao Tien-yin.

More than 30,000 refugee children and 10,000 adults are benefitted by this educational programme which is divided into 725 classes with over 580 teachers. With the co-operation of the labour Project Committee headed by Mrs. Robert Fitch, vocational education is being pushed in some of the larger camps. Tailoring, toy-making, basket-making, shoe-making and embroidery work are being taught to several hundred refugees, particularly among the women.

Refugees Evicted

About 1,000 refugees were evacuated by the Police and Fire Brigade last week from 200 Kiukiang Road, a three-storey building formerly occupied by Messrs. J. J. Evans & Co. The refugees had defied all efforts to shift them for the last two months. A large police party from Central Station, under Insp. H. Brownrigg, reinforced by the Reserve Unit (riot squad), led by Insp. J. Smith, performed the evacuation of persons and property, in the face of stubborn resistance, especially on the part of the women. It became necessary to summon fire engines from Honan Road to connect hose and play water on the front of the building, to facilitate the eviction. Subsequently police entered the building and mounted to the upper floors. The bundles and boxes of the refugees were lowered to the street on ropes.

Japanese Relief

For the relief of destitute Chinese in northern Honan, the Pacification Section of the Japanese Army, in cooperation with the Rehabilitation Section, has bought $200,000 worth of grain in Manchuria and is distributing it in the stricken area. The grain will be exchanged also for cotton yarn and other articles in daily use, the *Shanghai Nippo* said this week. As many as 25 districts in northern Honan are suffering from floods, the daily said. Augmented by victims of the hostilities and bandit forays, the total number of sufferers is estimated at 2,200,000, of whom 250,000 are homeless and without food, the paper stated.

"Puppets" to Aid

The first work to be undertaken by the Ministry of Industry of the "Reformed Government of China" will be to rehabilitate districts which suffered from the hostilities, Wang Tzu-hu, minister of industry, announced in Shanghai. In an interview with Japanese newsmen in the New Asia Hotel, Wang outlined the aims of his ministry. Because of the urgent necessity of rehabilitating agricultural communities he said, Government authorities are drafting a plan to provide farming implements and other means of production to villagers so that they can resume cultivation of their lands at once. The Ministry will also aid in the reconstruction of homes in village communities, Wang stated.

Drive Continues in America

In America, the drive for Red Cross funds for relief in China continues. According to the March issue of the *Red Cross Courier*, the chapters have received excellent cooperation both from the press and the radio in their appeals. That the response has been slow, says the *Courier*, is not by any means due to lack of sympathy for the unfortunate Chinese but rather to the pressure of local needs at a period of decreased employment, which at some of the industrial centers has resulted in acute distress among the jobless. The following organizations in America are active in the drive for China relief funds:

American Bureau for Medical Aid to China

Formed by nationally prominent figures in the field of medicine, the American Bureau for Medical Aid to China, 40 East 34th St., New York, N.Y., uses the funds collected for the purchase of medical supplies in the United States. The executive committee is as follows: Dr. Co Tui, chairman; Dr. Farn B. Chu, vice-chairman; Y. H. Wei, secretary, and Mr. C. H. Wang, treasurer; Miss Margery K. Eggleston; Dr. Frank L. Meleney; Dr. Donald D. Van Slyke, Dr. Maurice William.

American Red Cross, Washington, D. C.

The American Red Cross has spent money for evacuation of American citizens, for medical supplies and hospital service to civilians and refugees. Through the Red Cross organization, at the recommendation of President Roosevelt, America is now asked to make its humanitarian sentiment felt. Already the American Red Cross has made available $181,000 to Ambassador Nelson T. Johnson for distribution through relief agencies to civilians trapped in the battle areas. Now $1,000,000 more is needed for the aid of the distressed Chinese civilians.

American Student Union

The American Student Union's International body, the Rassemblement Mondiale, is cooperating with International Student Service in its Chinese university relief fund. The A.S.U. in this country through its local chapters is raising relief funds, with special emphasis on the needs in Spain. However, certain chapters have designated that their contributions are to go toward China relief. Headquarters: 112 West 19th Street, New York City.

Associated Boards for Christian Colleges

This association is made up of the Boards of Trustees of twelve Christian universities and colleges in China. Contributing to the support of these colleges are twenty-one mission boards in the United States, Great Britain and Canada. Headquarters: Room 903 150 Fifth Avenue, New York City. Secretary: Mr. B. A. Garside; treasurer, Mr. George W. Davison.

China Emergency Civilian Relief

This is an organization of volunteers sponsored by a large committee of representative American citizens. Purpose: aid in relief of civilians of China. Conducting campaign February, 1938. Headquarters: 40 Wall Street, New York City. Chairman Executive Committee, Mr. Theodore Roosevelt, Jr.; executives, Mr. Lyman Pierce and Mr. H. B. R. Burgess. Following Pres. Roosevelt's appeal on behalf of the Red Cross this organization announced its cooperation with it ceasing as an independent organization.

China Famine Relief U. S. A., Inc.

Within past few months China Famine Relief has made available for provision of food, shelter, clothing and medical assistance for civilian Chinese $60,000. Funds are distributed in part under the auspices of the International Red Cross at Shanghai. Work of securing funds is carried out through mail solicitations. Headquarters: 105 East 22nd Street, New York City. Chairman,

Mr. James M. Speers; treasurer, Mr. J. A. Thomas; executive director, Dr. Henry S. Leiper; secretary, Rev. Philip Allen Swartz, D. D.

China War Relief Association

The China War Relief Association in America, 843 Stockton Street, San Francisco, Calif., was formed on August 19, 1937, by 91 organizations of overseas Chinese in San Francisco with the headquarters at the Chinese Six Companies, San Francisco, for the purpose of raising money for civilian refugee relief and medical relief for the wounded soldiers in China. The Association has raised over three million Chinese dollars to date. All persons connected with the Association are volunteers. The administration expenses are shared jointly by the ninety-one organizations which sponsored this Association. B. S. Fong is chairman and Churchill T. Chiu, is publicity director.

Chinese Women's Relief Association

The Chinese Women's Relief Association of New York, Inc., 5 East 57th Street, New York City, was organized in late September, 1937. There were already many other relief organizations in existence, but this group felt that under the present crisis, an appeal could be made to the American women with the chief purpose of raising funds for civilian relief in China from the Chinese women. There are, at present, about 50 members and the officers for the coming year are as follows: President, Mrs. C. H. Wang; Vice-Presidents, Mrs. C. K. Li, Miss Hilda Yen; Secretary-Treasurer, Miss Mai-mai Sze; Assistant Sec'y.-Treasurer, Mrs. Joseph Ku; Secretary for Membership, Mrs. Frank Co Tui.

Federal Council of Churches

This is an interdenominational body of Protestant Christian organizaitons. Headquarters: 297 Fourth Avenue, New York City. Secretary, Dr. Samuel McCrea Cavert; treasurer, Mr. Sidney D. Gamble.

International Student Service

The International Student Service is an international organization which grew out of post-war relief work with European universities. The personnel of their fund consists of Dr. Clyde Eagleton, chairman; Robert G. Spivack, secretary; Joseph Kruger, treasurer. Their address is 8 West 40th street, New York City.

Other organizations are the National Intercollegiate Christian Council, 600 Lexington avenue, New York City; and the National Student Federation of America, 8 West 40th street, New York City.

Missionaries Blocked in Return to Yangtsze Valley

Foreign missionaries are finding it as difficult as ever to obtain permits for permanent or even temporary return to their missions in the Yangtsze Valley, *The China Press* reported April 12. Most of them, who are centered around Shanghai or peaceful cities in North China, are whiling time away aiding local orgnaizations in whatever capacity they can, biding their time until passes to return to their former venues of work are available. Reasons for the refusal of passes largely center around the explanation that Japanese troops are engaged in "mopping-up operations" in the valley, it is understood.

Information with regard to the present condition of mission property, as a result, is scarce, and with the continual movement of troops, who seek shelter from guerilla bands and the elements in all large dwellings, it is presumed that general depreciation may be a major item, as it is months since caretakers have entered the premises. With the constant movement of troops, also, it is not possible to obtain information as to which property is at present ocuepied by soldiers. In isolated cases, passes have been issued, the majority of them valid for a week or two. Missionaries who have returned from such areas say that not only are mopping-up operations in progress in the basin, but that guerrilla bands are reportedly extremely active and elusive.

Mission property, for the better part, it is reported, is intact, although the worse for wear. Occupation of various mission buildings by Japanese troops is not uncommon, and, as can only be expected, the soldiers do not put themselves to any pains in cleaning up the refuse at their departure. A few missionaries are still active in these war-torn areas. Especially noteworthy is Miss Vincon Mushrush, who, surviving the terrors of the August 17 bombing of the Nantungchow Christian Hospital, has remained in that port ever since.

The Nantungchow Christian Hospital bombing on August 17, four days after the outbreak of hostilities here, will be remembered for the destruction and terror it caused among residents of Nantungchow. On that occasion, following the bombing in which five patients and 18 members of the hospital staff were killed, Miss Mushrush rescued a 10-year-old boy, victim of tuberculosis, whose entire body was in a cast. Surrounded by falling walls and plaster, the boy, terror-stricken, could not morve. He owes his life to Miss Mushrush, who ignored the peril of the crumbling structure, climbed a ladder, and brought the child down safely. Miss Mushrush, it is learned, is continuing her invaluable work among the peasants and civilians of Nantungchow.

Japanese Seek Wounded Chinese

The American Presbyterian Mission Hospital, located at Chefoo, this week issued an appeal to the United States Government at Washington for assistance in resisting the reported demand of the Japanese that all Chinese wounded now being cared for at the hospital be turned over to them. The reports from Chefoo received in Shanghai stated that when the Japanese authorities learned that Chinese wounded were in the hospital, they immediately demand that they be turned over. Doctors and nurses in charge refused, whereupon Japanese pickets were posted at the hospital gates, and charged with the task of searching all Chinese entering or leaving the place. American missionaries, in explaining their refusal to meet the Japanese request in their note to Ambassador Johnson, declare that they are Christians and neutrals and hence it is their duty to attend to all who are wounded and come to them seeking medical aid.

U.S. Plan for Refugees gets good Response

Fifteen countries had replied favorably to the invitation of the United States Government to devise methods for providing assitsance to political and Jewish refugees from Austria, R. A. Butler, Under-Secretary of State for Foreign Affairs, has announced. These included Argentine, Belgium, Columba, the Dominican Republic, France, Guatemala, Haiti, Mexico, Nicaragua, Paraguay, Peru, Salvador, Sweden, and Uruguay.

The British Government, Butler added, would make the best possible use of this opportunity of co-operating with the United States. It was part of the United States proposal, he said, that the financing of emergency emigration should be undertaken by private organizations in the respective countries. The British Government, Butler continued, would naturally be sympathetic to any proposal for Jewish immigration into Madagascar, which had the approval of the French Government, but did not contemplate approaching the French Government on the matter. The British Government, he asserted, is ready to do its part in such international action as was possible for dealing with the problem of refugees from Germany, but did not consider feasible the suggested steps to secure for racial minorities in Germany full civil liberties either through direct negotiations or through the machinery of the League of Nations.

Roosevelt Calls Conference

President Roosevelt summoned representatives of the Jewish, Catholic and Protestant religions to meet in Washington on April 13 to consider a co-operative program for American sanctuary of political, racial and religious refugees. Among those invited by the President were Rev. Raymond Fosdick, Protestant leader of New York; Mr. J. G. McDonald of the *New York Times*; Archbishop J. F. Rummel, Archbishop of New Orleans; Mr. Henry Morgenthau, sr., and Mr. Bernard Baruch.

Assistance to Refugees

The Committee of Three nominated by the Council on January 28th to draw up a plan of international assistance to refugees met in Paris in the middle of Februaty. The committee was composed of M. Costa du Rels (Bolivia), Lord Cranborne (United Kingdom), and M. Grumbach (France), and was assisted by Sir Neill Malcolm, high commissionre for refugees coming from Germany, and by M. Michael Hansson, president of the Governing Body of the Nansen International Office for Refugees. The problem before the committee was to see what could be done for the various categories of refugees who will be left after the Nansen Office and the High Commissioner's Office in London have been liquidated at the end of 1938 in accordance with a decision of the last Assembly. The number of refugees still needing protection is in the countries where they now reside, this absorption already being carried out and likely to continue in an accelerated rhythm in the future.

Of the 150,000 refugees who have left Germany, about 120,000 seem already to have established themselves definitely in various countries. The problems raised by both groups of refugees, though different, seem capable of solution within a limited period. This period, however, must inevitably extend beyond the date fixed for the liquidation of the two organisations now dealing with refugees.

New Exchange Rule Announced

Cash sums in Chinese currency equivalent to the foreign exchange required must accompany all applications sent to the forwarding office established Tuesday morning at the offices of the Central Bank of China at Avenue du Roi Albert in accordance with the financial decree issued by the Chinese finance ministry in Hankow last month, it was learned from financial circles Wednesday. As in previous week, all applications for foreign currency were sent to the forwarding office, this time in Shanghai instead of Hongkong, before 10 o'clock Thursday morning. Allotments were to be announced Friday morning.

Gasoline Prices Cut

The Standard-Vacuum Oil Company this week announced a reduction in the prices of wholesale and retail gasoline. Prices at the pump are set at $1.10 per gallon; the wholesale price is $1.05.

The

CENTRAL BANK OF CHINA

A BANKERS' BANK

SHANGHAI OFFICE:

15 The Bund, Shanghai

Telephone 12570 Cables: "Governbank"

BRANCHES:

NANKING	*Chuhsien*	Swatow	NANCHANG	Lanchow
Hsuchow	AMOY	TIENTSIN	*Chi-an*	Kweiyang
Panpu	Foochow	Peiping	*Fuchow*	CHUNGKING
Sinpu	*Chuenchow*	*Shihkaichuan*	Kiukiang	Chengtu
Chinkiang	*Yenping*	Tsingtao	Chengchow	*Wanhsien*
Yangchow	*Kien-ow*	Tsinan	Kaifeng	*Santai*
Hsiakwan	*Pucheng*	Pengpu	*Loyang*	HANKOW
HANGCHOW	*Santu*	Wuhu	Sian	*Wuchang*
Ningpo	CANTON	Anking	*Nancheng*	Changsha

FOREIGN CORRESPONDENTS.

NEW YORK, LONDON, BERLIN, PARIS, GENEVA, OSAKA, AND HONGKONG

Japan Can Never Conquer China

BY HUBERT S. LIANG

SOME 18 months ago I wrote an article raising the question: "Can Japan Conquer China?" In that article I proposed that before attempting an answer to this question certain fundamentals in the Far Eastern situation be taken into consideration from the following points of view:

(1) From the standpoint of Japan herself.
(2) From the standpoint of other interested powers.
(3) From the standpoint of China herself.

Let me quote certain passages in that article and re-examine them in the light of what has transpired during the last nine months and in the light of the indications now observable on the horizon.

"Despite Japan's success in certain respects as a modern power," I wrote, "Japan is not cut for the role of an empire builder. True, she annexed Korea, grabbed Formosa, seized Manchuria and is now advancing south of the Great Wall. But how much security does she feel in any of these places? What assurance has Japan that the Koreans, the Formosans and the Chinese in Manchuria and North China would not rise against her the moment she became engaged in a war with some major power?

"To begin with, Japan has little culture or civilization of her own which can truly command the admiration and respect of her subject peoples. For ancient Oriental culture Japan's subjects must inevitably look to China, which nation gave Japan a large part of her culture, and for modern scientific civilization the Japanese are naturally compelled to turn their eyes to the West, of which Japan is but a belated prototype.

Koreans Not Grateful

"Then, too, Japan has shown a total lack of statesmanship in the rule of her subject peoples. After having administered Korea for a quarter of a century, no Korean, as yet, has come out on his own volition to write a book eulogizing the beneficient rule of Imperial Japan. No self-respecting Korean, if secretly asked for his opinion on the rulers of his country, does anything other than express, in definite and even vehement terms, resentment and indignation against his oppressors. Despite clean streets, improved sanitation, good motor roads and considerable industrialization the lot of the Korean people generally is not better but actually worse, than it was 25 years ago. Dissatisfaction is manifest everywhere and communistic sentiment prevails throughout the length and breadth of the unhappy Hermit Kingdom . . . . Korean schools are raided periodically by the police and hundreds of students are constantly under detention on so-called 'red' charges, which is only another name for sedition.

"Finally Japan's resources, actual or prospective, are not ample enough to finance the conquest of a vast country like China. It took more than 10 years and billions of Yen to subjugate Korea, how much longer and how much more treasure would Japan require to completely crush China under her iron heel, even granting that this ever could be accomplished. Moreover, the deplorable domestic situation prevailing in Japan cannot much longer bear the strain of such a fantastic adventure as the conquest of 450 million Chinese.

"As for other interest powers, notably Great Britain, U.S.A. and the U.S.S.R. they obviously must see clearly now that Japan's conquest of China, assuming it could be accomplished, would mean the complete elimination of their influence and interests, political, economic, cultural, etc. from the Far East. Could they afford to stand by and do nothing about it? Are they willing to surrender their foothold in Asia which took them so many years to build up?

"As for China herself, if her present temper is any indication at all, she will not and cannot submit to Japan without a fierce struggle, a struggle that may well extend over many years. The question is, can Japan financially, not to mention other considerations, afford to engage herself in such a protracted struggle? Even if China could be, temporarily, cowed into submission it is extremely doubtful whether the Chinese people could be kept in subjugation very long, particularly by a country like Japan. If our history means anything it teaches two things: (1) China has an enormous capacity for absorbing her conquerors; (2) Whenever she cannot absorb her conquerors she has alway managed to overthrow them in the end. With this historical background in view, Japan is trying to apply a new and yet old strategy in her effort to enslave China. That strategy is to "Divide and Rule" by using the Chinese to fight the Chinese (以華制華)."

The events of the past nine months should be a pretty good measuring rod for the accuracy or inaccuracy and validity or invalidity of the above observations.

Japan Lacks Patience

First of all let us consider Japan. That she has had to fight this war at all shows her ineptitude and her total lack of ingenuity as a modern empire builder. If she were more able and less impatient she could have avoided this war and have achieved just as much if not more without getting in to this terrible mess from which she can now hardly extricate herself. The deplorable lack of discipline and control of the Japanese troops as so glaringly revealed in the revolting atrocities which they committed in the occupied areas possesses more than a mere military significance. These atrocities, particularly those against innocent and defenseless civilians, have done their most effective work in driving terror and hatred into the hearts of the people whose cooperation and support they must count upon in order to succeed in their adventure. The jealousies and rivalries between the Japanee high commands which are but an open secret and which have done much to slow up their drive and the consolidation of their gains are but another patent proof of the unfitness of Japan as a modern conqueror. And the venality and corruption so rampant in the occupied areas certainly do not speak well for the Samuri traditions.

As to the internal situation in Japan herself it certainly has not been bettered by this war. Political dissension, social unrest and economic distress have ever been on the increase since the outbreak of hostilities. And as the war prolongs there is bound to be a progressive worsening of conditions in Japan. When the final collapse will come for Japan it is difficult to say, but it is a certainty that as the war continues her difficulties and expenditures will continue to multiply which sooner or later will bring about an internal explosion, and this does not take into consideration her growing international complications which are steadily working toward the grand climax of war with one or a combination of major powers whose interests and those of hers are fundamentally in conflict.

Daily Worker, New York.

Japanese Aggression Unchecked

True, nothing direct or positive has been done by the so-called democratic powers to check the Japanese aggression. But there are ample evidences that they have at last awakened to the real dimensions and the far-reaching implications of the Japanese menace. Witness the unprecedented and unparalleled naval building and rearmament programs of these countries. To expect that any of these powers will fight on China's behalf is to profess one's political naivete. But to think that Great Britain, the United States, the U.S.S.R. and France will easily give up their position and interests in the Far East in deference to the Japanese without a struggle is equally unrealistic. General Chiang Kai-shek is emimently right when he says that unless Japan can succeed in eliminating the American and European influence and interests from the Far East Japan can never hope to conquer China, at any rate not Japan alone.

As for China the events of the past months, particularly the past few weeks, have convincingly shown that not only can she fight but fight well. This is the most confounding fact for Japan. Despite terrific suffering and losses the will to resist of the Government and people alike is strengthened rather than weakened. Militarily, politically, financially as well as psychologically the nation is steadily being prepared and fortified for a long and protracted struggle. Before hostilities actually broke out the Government was ever haunted by a sense of fear, fear of war with Japan.

But now that the war is in full swing the Government instead of being dominated by a paralyzing sense of fear, is pressing forward with a new courage and a new faith in its final victories. As never before it enjoys the unquestioned confidence and support of the people. As never before a political solidarity, a solidarity firmly rooted in objective conditions, obtains. As long as these conditions continue, and they are bound to continue by the very nature of the situation, there can be no question of China's ultimate victory in this present struggle.

Two years ago my question was "Can Japan Conquer China?" My answer then was a conditional one, namely, Japan cannot conquer China unless China conquers herself. My answer to that same question now is: Japan Can Never Conquer China because China by her struggle during the past nine months has conclusively proved that she is unconquerable.

Japanese Conduct "Mopping-up" Campaign Among Local Koreans

The *Shanghai Nippon*, Japanese newspaper, announced on April 4 that practically all Korean communists, anarchists, socialists, and other radicals generally had been cleared out of Central China as a result of the occupation of the Shanghai-Nanking district.

Last year a gang of 13 Korean radicals who were working for Korean independence, were arrested by the Japanese consular police and sent to Korean for trial. This group included Heigaku En, Seiju Kin, Inki Ko, Seissi Boku, Gekkan Ra, Chingem Kin, Rakusai Kin, Kenso Cho, Shiko Cho, Shinbu Sai, Genshu Kin, and two ring-leaders Giretsu Dan and Moketsu Dan.

Seiju Kin, alleged head of a secret organization, was tried before the Korean High Court, but there was no report on his sentence, the charge against him being murder. Two others Gensuh Kin and Shiko Cho were charged with burglary.

It was stated that "more than 54" Korean radicals had been apprehended by the special Korean branch of the Japanese consular police, headed by Rasuke Saegi, in the past five years, according to the *Nippo*. Saegi was brought here from Korea to look after radicals among local Koreans. He stated that in 1936 eighteen Koreans had been arrested, while in 1935 two were executed, Menshoku Go and Shokon Kin, upon conviction for throwing bombs. The same year there were 14 arrests, one of this group Gen Kaku, also being executed for bombing. In 1934, one Soshoku Boku was sentenced to life imprisonment for bombing. In 1933 eight were arrested for plotting to kill Akira Ariyoshi, then Minister. Among these were Shinsho Gen. Teiki Haku and Kokun Ri. The paper said that most of the Koreans had fled to the interior, prior to the advance of the Japanese troops.

Vote Favors Anchluss; Shanghai Landers Agree

The "miraculous" nature of the plebiscite, the final official figures of which show a vote exceeding 99 per cent in favor of Herr Hitler, is the chief topic of press reviews this week in Germany. The reunion of Austria with the Reich, says the official organ, *Diplomatische Korrespondent*, means that Austria has ceased to provide an international problem. This question, it asserts, no longer exists, and must disappear finally from international discussion. The sooner this is recognized, the paper declares the better it will be for the rest of the world, with which Germany wants to live in peace.

The *Voelkische Beobachter* states that the world cannot longer ignore this tremendous demonstration of the people's will, while the *B. Z. am Mittag* says that never since the world existed has any nation said to its leader such a tremendous "Yes". The name of Hitler, according to the *Zwoelfuhrblatt*, has become immortal. It has not been a mere election, the journal adds. It has been a sacred achievement.

An analysis of the final official figures of the plebiscite in Austria and Germany shows that:—

48,805,875 voted "Yes"
452,236 voted "No"
75,369 invalid.

Shanghai Votes "Yes"

Shanghai's Germans and former Austrians eligible to cast votes on the union of Austria and Germany voted overwhelmingly in favor of the Anschluss in the balloting held at the Kaiser Wilhelm Schule here. Of the 1,029 voting slips issued to Germans, 1,016 votes were cast. Of these 1,006 votes "Ja," seven "Nein," while three votes were ruled invalid, making a 99 per cent return. Eighty-four of the slightly more than 100 Austrians in Shanghai were eligible to vote. Of these 75 were in favor of the union, four not in favor, and four votes were invalid—only 83 votes being cast. Here the return in favor of the Anschluss was 90.3 per cent. The total percentage, overwhelmingly favoring the union, was 98.3.

British Envoy Presents Credentials

Sir Archibald Kerr, the British Ambassador, who presented his credentials to Mr. Lin Sen, Chairman of the National Government April 12, met a representative gathering of Chinese and also foreign residents in Chungking April 11 at the Chungking International Club, where a luncheon was given in his honor.

For Fast and Efficient Radio Telegraph Service to all Parts of the World Send

RADIOGRAMS

"Via RCA"

RADIO IS THE QUICKEST AND MOST RELIABLE MEDIUM FOR ALL TELEGRAPHIC COMMUNICATIONS. IT HAS BROUGHT ABOUT RATE REDUCTIONS AND INAUGURATED NEW CLASSES OF SERVICE TO MANY COUNTRIES. . . .

In CHINA file your messages "RCA"

(R.C.A. Communications, Inc.)

R.C.A. Communications, Inc.

(A Radio Corporation of America Service)

HEAD OFFICE FOR CHINA:— TEL. NO.
201-202 Sassoon House, Shanghai 19251

AGENCIES:—
Tientsin: 65 Consular Road Tel.: 31430
Hankow: San Peh Building Tel.: 21774
Hongkong: Dina House Tel.: 30692

SOCONY
FOR
ECONOMY
GASOLINE
A
STANDARD-VACUUM
PRODUCT

Japanese Pour Funds Into America to Block Silk Boycott

BY GEORGE KAO

IF the American Red Cross campaign for China war relief is not all that it should be, then the anti-Japanese boycott which was launched early last October has faced even more sinister pitfalls and strenuous opposition. Beginning this year when the Panay incident gave the boycott movement a new impetus, an anti-boycott cry also began to make itself heard until at present actual organized efforts are being made to combat the boycott as one weapon which the American people can and care to use to curb Japanese aggression in Asia.

As the boycott of Japanese goods in America is directed chiefly at silk in the form of silk stockings (over 50 per cent of American imports from Japan consists of silk and 75 per cent of the Japanese silk imported goes into hosiery), those who oppose the boycott base their arguments mainly on the contention that such a boycott will hurt the hosiery manufacturers and their employees in this country. At first, a few voices to this tune were heard from the speaker's platform, in newspaper editorials and in letters from newspaper readers. But when silk importers and hosiery unions got together to organize resistance against the silk boycott and stage counter-demonstrations, the boycotters began to study their enemies and find behind them Japanese activities and money.

The anti-boycotters has in its service a public relations expert who is reported to have boasted that "he commands enough Congressmen and Senators to block possible move for a Congressional investigation of the uses to which Japanese money is being put in the United States." As early as January 28 a parade of "unemployed" hosiery workers was staged in Washington as a counter-demonstration against a cotton and rayon fashion show. These women hosiery workers had their silk-clad legs photographed by Hearst cameramen and shouted their slogan "Wear Silk and Save Our Jobs" in answer to the boycotters' rallying cry of "Make Lisle the Style, Wear Lisle for a While."

In an article entitled "Japan Fights the Boycott" in its issue of Feb. 15, the *New Masses* gives the background of some of the leaders of the anti-boycott drive. Paolino Gerli, an Italian, is said to have made arrangements with Japan for a propaganda campaign for silk in America. The recent accusation of the Federal Trade Commission, when it issued its rules on rayon identification, is cited that the Silk Guild was a "Japanese propaganda agency" and that the Japanese government has "backed the move for fibre identification" in order to discredit textiles containing rayon (New York Times, Nov. 13, 1937). The charge was denied by Mr. Gerli, but the New Masses points out his close association with the Japanese raw silk business, controlled by Mitsui & Co.

The article also examines William H. Gosch, who is described as head of a "Nazi-tinged outfit," and Emil Rieve, the labor union man, who is said to have been "high-pressured" into supporting the anti-boycott activities of the hosiery manufacturers in the belief that it would help in his wage contract negotiations.

Tremendous Propaganda Machine

In the February number of *China Today* a similar article appeared to show "how tremendous the Japanese propaganda machine is, and what shocking support it is receiving from supposedly patriotic sources." Here the history of the silk promotion campaign is traced, and the Central Raw Silk Association of Japan, a government-subsidized organization, is said to be the largest contributor of sums of money to the International Silk Guild for silk propaganda in America. The most persuasive argument employed by those who are opposed to a silk boycott to stop Japanese aggression is that it would be injurious to American labor. Other points which have also been advanced are that such a boycott would be ineffective; that it would hurt Chinese silk along with the Japanese; that it would be a blow to the peaceful Japanese peasants who are not responsible for the war, and, of course, that it would irritate Japan and eventually involve America in war. In an editorial decrying the silk boycott, the liberal *New York World-Telegram* believes that "the people who would be most badly thru" are: (1) "The 138,000 workers employed in American factories making stockings and other goods of raw silk," and (2) "The thousands of other American workers who have jobs because this country exports more than $25,000,000 worth of goods to Japan each month, taking part of the payment in silk."

Those who advocate the silk boycott have their answers to all these arguments. In reply to a letter from the Educational Director of the American Federation of Hosiery Workers, which contains the same argument that the silk-boycott is a two-edged weapon that would hurt American hosiery workers, *The Nation* (Feb. 5) quotes from an authoritative study by Eugene Staley, associate professor of international economic relations at the Fletcher School of Law and Diplomacy, in which it is said:

"While there might be some dislocations here and there in the silk and hosiery manufacturing, any unemployment would not be great in volume or very lasting. On the other hand, to replace the raw silk usually imported from Japan by rayon or cotton substitutes produced in America, there would have to be substantial increases in output, and hence in employment."

In the *New Masses* article already mentioned, it is shown, with a wealth of technical detail, that lisle hosiery does not require different machinery than silk—"exactly the same machines are used, in exactly the same way, with the same workers, the same skill, the same time, and the same wages." The article also points out the fact that one-third of the hosiery workers are unemployed or working part time is not because of the boycott, but because of the "recession" which began before the boycott. "It is not the boycott that is causing the unemployment among hosiery workers, but lessened demand due to lessened purchasing power."

Boycott Success Claimed

In any case, as The *Nation* has expressed itself, most of the boycott sympathizers believe that "hardships suffered in this country should not dissuade anyone from refusing to aid Japanese aggression." If the latest trade figures are any indication of the effectiveness of the boycott, then those who are pushing it can already claim for themselves a considerable degree of success. According to figures released by the Department of Commerce, general imports from Japan for January of this year were $6,187,033 less than for January, 1937; raw silk, in particular, showed a drop of $4,833,680 from the same month a year ago. The value of Japanese imports to the United States for the months reported is as follows:

General imports	January 1937	$17,682,895
	January 1938	11,495,240
Raw silk	January 1937	$10,864,553
	January 1938	6,030,873

IMPORT FROM FAR EAST

Knox in the Memphis Commercial Appeal

In an interview with a representative of *The New York World-Telegram*, Robert Norton, executive secretary of the Committee for A Boycott Against Japanese Aggression, stated: "There is no doubt that the boycott is cutting deeply into Japan's export trade. . . . The major retail chains have discontinued their buying of goods made in Japan, as have principal department stores in many cities. Retail sales of such goods throughout the country have dropped 60 to 70 per cent. The best tribute to the effectiveness of the boycott comes from Japanese sources. Japanese officials and journals admit it, and recently the expenditure of $100,000 was authorized for an anti-boycott campaign."

Spokesmen for business interests manufacturing or dealing in Japanese goods, however, deprecated the effect of the boycott as "negligible" and attributed the decrease of Japanese imports to the business recession. Whatever the truth—the effectiveness of the boycott or the strength behind the alleged Japanese-inspired and Japanese-subsidized anti-boycott campaign—a longer period will probably have to elapse before the situation can be correctly gauged. At present, for every Senator Norris who favors the boycott as a powerful weapon by which the American women could deal the Japanese aggressors a decisive blow, there is a Senator Borah who opposes the boycott because "it does not help the United States and it incurs justifiable resentment in the feeling of the nation against which the boycott is made."

Who's Who in China

黃延凱
Huang Yen-kai

Huang Yen-kai, Consular official and journalist; born at Meihsien, Kwangtung 1902; graduated from the Lingnan University Middle School 1921; studied Journalism and Political Science at St. John's University, Shanghai 1922-24; graduated from Lingnan University, Canton with B. A. degree in Political Science, 1925; Editor of *Nan-Tai* and *Nan Feng Weekly*, College publications of Lingnan University 1924-25; did research in Political Science and Economics at Peking National University 1925-27; Editor of *Hsin-Shien Magazine*, a weekly devoted to Science and Literature, Peking 1927; appointed associate dean of Local Government Administrators' Training College and lecturer at the National Chungshan University, Canton, 1927-28; served as Secretary of Publicity Department of Executive Committee of Kwangtung Provincial Party Headquarters and concurrently editorial writer of *Min-Kuo Daily News*, Kuomintang organ; later made secretary-general of Executive Committee of Canton City Party Headquarters, Canton, 1928-29; Editor-in-Chief of *South China Daily News*, Hongkong, 1929-31; secretary of Overseas Department, Second Plenary Session of Central Executive Committee of Kuomintang, 1930; Editor of *Central China Daily News*, Shanghai, 1931-33; Managing Director and Editor of *South China Weekly Review*, Shanghai, 1932-33; contributing editor to various periodicals; Consul for China, Penang since 1933; director of Penang Rotary Club 1936-37; address: Chinese Consulate, Penang, Straits Settlements.

Tokyo Olympic Body Gets Severe Warning

Japan has been warned by the International Olympic Committee that if the much-publicized International Exposition is staged in Tokyo simultaneously with the XIIth Olympiad, the Games may be held elsewhere. The formal warning was conveyed by Count Henri de Baillet-Latour, president of the International organization, in a formal communication to Saburo Kurusu, Japanese ambassador to Brussels. The warning, immediately transmitted here by the envoy, asked for Japan's reply by May 8.

Japan's failure to answer by that time, Count Latour's letter said, will compel the international organ's executive committee to cancel the award of the 1940 Games Tokyo at its next session in Lausanne this summer. The International Olympic Committee is opposed to the simultaneous holding of the International Exposition and the Olympic Games on the ground that this would tend to commercialize the Olympiad. The interval between the Games and the Fair, it was suggested at the last meeting of the Committee in Cairo on March 12, should be at least a fortnight.

S. M. R. Plans Big Projects

The South Manchuria Railway Company will spend about Yen 750,000,000 on railway construction projects in the new Empire before 1943 to assist the Manchukuo Government's Five-Year Industrial Plan. Originally, the semi-official concern was to spend Yen 900,000,000 for railway and heavy industry projects in Manchuria. These plans were, however, modified, when the S.M.R.'s industrial auxiliaries were absorbed by the newly established Manchuria Heavy Industry Company. The latter was formed by Mr. Yoshisuke Ayukawa, the "Little Napoleon" of the Japanese industrial world and head of the Yen 225,000,000 Nissan Holding Company.

Registration of Stores

Registration of all stores doing business in the areas under its jurisdiction will be required by the "Ta Tao Government," according to a notice issued by the Government's Bureau of Social Affairs. The registration must be completed within two months, after which the businesses will be formally recognized by the Government. Fees for registration are as follows: Fifty cents for capital under $1,000; $1 for capital over $1,000; $1.50 for stores with capital of $5,000 to $10,000; $2 for capital over $10,000; $2.50 for capital above $15,000; $5 for capital above $100,000, and $5 for each additional $100,000.

PAINTS AND PAINT WORK
H. B. CAMPBELL
1481 Bubbling Well Road
Phone : 34360

CUSTOMS NOTIFICATION NO. 1629.

The public is hereby informed that this office is authorised to inspect shipments of meat and other animal products destined for abroad and to issue covering inspection certificates.

Inquiries in this connexion should be addressed to the Customs Laboratory, Appraising Department, Custom House.

L. H. LAWFORD,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 8th April 1938.

CHEAP
SIMPLE

CLEAN
FAST

FOOD THAT'S
REALLY
DELICIOUS
IS

COOKED ON
MODERN
ELECTRIC
COOKERS

FOR RENT
AT THE
SHANGHAI POWER COMPANY

Men and Events

G. G. Bradford, representative of General Motors, accompanied by Mrs. Bradford, arrived in Shanghai this week and are living at the Cathay Mansions.

Senor Antonio Jean Morente, Spanish Consul-General in the Philippines, will be appointed Minister to China, according to a *Reuter* report from Manila on April 9.

M. Paul Emile Naggiar, French Ambassador to China, who is now in Hongkong, will proceed shortly to Hankow where he will interview Gen. Chiang Kai-shek and other officials of the Government.

Sotomatsu Kato, former Minister to Canada has been appointed counsellor of the Japanese Embassy at Chungking. Mr. Sato will succeed Renzo Sawada, who has been appointed adviser to the Japanese Army in North China.

Tsai Yun-sheng, vice-president of the Central Bank of Manchukuo, has been appointed director of the Foreign Affairs Bureau of the Manchukuo Government. Previously the post was held by Shoichi Kanki, a Japanese.

Rear-Admiral Denshichi Ohkochi, Commander of the Imperial Japanese Special Landing Party, went horseback riding in the vicinity of the Civic Center on Sunday morning, April 10, according to *Domei* Service.

Admiral Harry E. Yarnell, Commander-in-Chief of the U. S. Asiatic Fleet, was the guest of Vice-Admiral Kiyoshi Hasegawa, Commander of the Japanese China Sea Fleet, at Luncheon aboard the Japanese Flagship Idzuma on April 4.

The National Government at Hankow issued a mandate on April 6 recognizing the loyal services of the late Min-Chu-Erh-Hutuketu, the Living Buddha of Chinghai, or East Kokonor. The Government also appropriated $3,000 for his funeral expenses.

A number of Chinese boy scouts at Manila visited a Filipino store, seized a quantity of Japanese goods, paid the Filipino the full value and then presented the goods to the Chinese Consul-General. It was claimed that the goods had been sold to the Filipino originally by a Chinese firm.

Zung Ah-kung, operator of a public opium smoking den at No. 794 Nanking Road, was sent to prison for 7 years and 3 months, while three smokers arrested in Zung's place received three months each with an alternative of paying $1 a day. Zung was also deprived of his civil rights for the period of his imprisonment.

The Japanese port authorities at Yokohama temporarily detained in quarantine the Canadian Pacific steamer *Empress of Japan* in order to disinfect the vessel, following a report that a passenger from Shanghai, Dr. D. B. Cater, was suffering from typhus fever. Dr. Cater, 29-year-old British surgeon is connected with the Lester Hospital in Shanghai.

The Osaka Shosen Kaisha has announced that more ships are to be placed in service between Japan and Tsingtao-Tientsin due to increased passenger and cargo traffic. The steamer Eiko Maru, 3,026-tons will be put on the Kobe-Tientsin run, while the Seattle Maru, operating between Japan-Tsingtao, will be replaced by the Baikal Maru, which will also be joined later by the Taizan Maru.

Miss Barbara Tinker, an American women, who departed from Chungking for Yunnanfu, has not been heard from for sometime according to an article in the *North China Daily News* from its correspondent in Chungking dated March 31 and published in Shanghai on April 10. The report stated that Miss Tinker had arrived at Kweiyang, capital of Kweichow and then had started back toward Chungking.

Chinese members of the Municipal Council of the International Settlement were hosts at a dinner given on Sunday evening, April 10 in honor of G. Godfrey Phillips, secretary of the Council who is departing shortly on home leave. Present also was Major J. W. Gerrard, commissioner of police, who is retiring. The hosts included Yu Ya-ching, Singloh Hsu, William Gockson, Eugene Y. B. Kiang and Yulin Hsi.

Dr. William H. Downs, 39-years-old, well known American dentist in Shanghai, died of a heart attack at his residence on Ave. Haig on Monday morning, April 11. His brother-in-law U. S. Harkson was present at the time of Dr. Downs' death. He was a graduate of Georgetown University and upon receipt of his degree returned to Shanghai to take over the practice of his father. Dr. Downs is survived by Mrs. Downs and their 7-year-old son, Norman Lee. Funeral services were held on Wednesday, April 13.

Jack Belden, correspondent for the *United Press*, who has been covering front line activities with the Chinese troops in Shansi and along the Lung-Hai, was arrested and detained by the Chinese forces for a period of five days at Lanchow, Kansu province. Belden stated that he was traveling in a truck which broke down in the vicinity of the Lanchow airfield, now operated by Soviet Russian aviators. Belden was accused of photonraphing the field, which he denied. He was finally released by Gen. Chu Shao-liang, Governor of Kansu, and arrived in Sian, Shensi on April 11, accompanied by Lieut. Col. Joseph W. Stillwell, American Military Attache, who also was traveling in that area.

Mr. and Mrs. John S. Potter have moved into their previous residence at No. 95 Amherst Avenue.

A colony of some 130 Japanese families, established for many years in Mexico, has decided to leave that country because of the opposition of the Mexican people, and will emigrate to North China, according to a report in the *Asahi*.

The Huitung Aviation Company, joint Sino-Japanese concern operating planes between Peiping and Manchukuo, will shortly start a service between Dairen and Shanghai, using Douglas A. T. type machines. Service will be tri-weekly via Tsingtao. The Japanese also announced another new service linking Shanghai with Formosa, which is to be started late in the coming summer. Douglas-type planes will be used on a triweekly service. The distance is 820 kilometers.

The Rev. R. G. Walker of the China Inland Mission, accompanied by Mrs. Walker, departed from Chungking on April 6 on an overland trip across Asia to England. They planned to proceed up the Yangtsze to Suifu, then to Kunming, capital of Yunnan, from which city they will proceed to Tali Lake, Myitkina, Burma; thence to Manipur State, to Silchar in Assam; thence across India by train to the Persian Gulf, from which point they will proceed home by train and steamer through Palestine to Constantinople and homeward across Germany.

Nagao Kita, member of the information bureau of the Tokyo Foreign Office, has been sent to Shanghai as Press Attache to the Embassy. Shigenori Tashiro, who was originally scheduled for this post, was appointed Consul-General in Tientsin, replacing Sentaro Yedo, who was killed in an automobile accident in Germany while enroute to his post. Tasuke Saiki, vice-consul at Shanghai has been transferred to Tokyo. Other changes here include appointment of Akiyoshi Tajiri, first secretary as as head of the political affairs bureau and Itsuo Goto will head the general affairs bureau.

The disappearance of Lieut. T. A. Peacocke, British artillery officer, while on a skiing trip in Japan is still a mystery. Two Japanese who accompanied him, Masayoshi Asamura, a mountain guide and a woman, Mrs. Shinobu Aoki, were both found dead near the mountain where he was reported to have gone skiing. Lieut. Peacocke, who was attached to the Singapore Base, went to Japan early in March, but was not reported missing until March 22 when he failed to return to his post. He was last seen at the Kanaya Hotel in Nikko. It is thought he and his companions were caught in an avalanche.

Dr. David C. C. Graham, curator of the university museum of West China Union University, Chengtu, Szechuen, has been employed to make a scientific investigation of a tomb belonging to the Han Dynasty which was discovered on the grounds of the Kiutsing Middle School in Chungking. Copper coins in large quantities, found in the tomb were dated between 9 and 29 A. D. Other articles found included a silver bracelet, remains of bronze utensils, pottery wine cups statues of female slaves, wives and musicians, pottery and wine jars. It appeared that the tomb originally contained 2 coffins but had been broken into and looted, probably at the time of the Tang Dynasty 618-907 A. D.

Two members of the Society of Friends in London, Harry T. Silcock, secretary of the Universities of China Committee and B. Ward Perkins, arrived in Chungking on April 6 on a tour of west and southwest China. The object of the trip is to extend sympathy and help to Chinese educational bodies. Both stated they found Chinese educational bodies, universities and schools generally, continuing their teaching work, despite lack of resources and constant interference by Japanese air-raiders. There is no panic or despondency. After visiting Chengtu and Yunnanfu, they planned to return to Shanghai.

Claude Farrere, correspondent for *Petite Parisien*, who spent considerable time in Japan and is now back in Paris, in the course of a series of articles based on his visit to Japan, suggested that since the Japanese are an oceanic rather than an Asiatic race, some 20,000,000 Japanese should be permitted to emigrate to Australia. He declared "as a cold proposition, Britain will not be able to keep the Japanese shut out indefinitely. . . . for the sake of world peace Australia should be opened to the Japanese. Referring to the situation in North China, Mr. Farrere said that Japan would control the five northern Chinese provinces but the war will not end there because Tokyo is so easily accessible from Vladivostok by air. Japan will feel insecure so long as the Maritime Province is in the hands of the Soviet Union.

Japanese Medical Mission Here

The first relief party of the Dojinkai, Japanese association for providing medical assistance to China, has arrived in Shanghai. The group of 31 members, headed by Dr. Giyo Okazaki, is comprised of surgeons, opticians, nose, ear and throat specialists, gynaecologists and dermatologists. Twelve pharmacists, 15 nurses and midwives are also included in the mission. Members of the party proceeded immediately to a clearing hospital here. They will leave for Nanking in a few days after making preparations for carrying on their work in the zones of recent hostilities.

Nominees For Committee of the American Community

The American community organization, of which Dr. J. C. McCracken is chairman, has nominated the following for membership on the executive committee for the coming year: W. A. Adams, China Realty Company; N. F. Allman, Allman, Davies and Kops; P. M. Anderson, Occidental Life Ins. Co.; C. S. Franklin, Franklin and Farrington; Mrs. I. E. G. Hunter, American Woman's Club; Wiber Judd, Navy Y. M. C. A.; Dr. Carleton Lacy, American Bible Society; R. T. Donnell, Wm. Hunt and Company; G. M. Neal, Andersen, Meyer and Co.; C. W. Petitt, Foreign Y. M. C. A.; J. S. Potter, China Realty Company; W. H. Putnam, Shanghai Power Company; D. C. Reib, Standard-Vacuum Oil Company; Bishop W. P. Roberts, St. John's University; E. G. Zacharias, Chase Bank.

Present members of the committee carried over from the previous year are J. A. Mackay, National City Bank, and Col. C. F. B. Price of Fourth Marines; Mrs. A. C. Cornish, American Woman's Club; A. Bassett, British-American Tobacco Company; P. F. LeFevre, Texas Oil Co.

Ex-official members are C. E. Gauss, Consul-General; Judge Milton J. Helmick, U. S. Court; Julean Arnold, Commercial Attache and W. H. Plant, President, Chamber of Commerce.

Bible Circulation in China High

A total of 62,337 Bibles printed in Chinese were either sold or issued in grants by the China Bible House of the British and Foreign Bible Society and the American Bible Society during 1937, according to the annual report of the organization issued in Shanghai last week. In addition, 62,393 testaments and 4,619,450 Bible tracts also were circulated by the Bible house during the period under review. The circulation, it was revealed, used up most of the stocks printed during the year. Of major interest in the report is a set of figures showing that the Bibles produced by the China Bible House during the year were published in more than 30 different Chinese dialects as well as the Annamese, Cambodian and Kalmuk languages. A few Bibles also were published in English but these numbered only a small percentage of the total.

Railway Stations Renamed

Last week all railway stations but four in the Shanghai-Nanking-Hangchow area were renamed, the Chinese pronunciation being displaced by the Japanese. The only stations retaining the original Chinese names were Shanghai, Nanking, Woosung and Chakow, on the Chientang River. Carrying its reforms a step farther, the new "Reformed Government of the Republic of China" will also remove all English sign posts at railway stations. They will be replaced by signs bearing the names of stations in the Chinese and Japanese languages. Shanghai's famed North Station, destroyed twice in five years, will henceforth be known as Shanghai Station. The West Station will be known as West Shanghai. The reforms will affect the Shanghai-Nanking, Shanghai-Hangchow, Soochow-Kashing and the Nanking-Sungkiang railways.

Panay Bill Itemized

Three days after Japan had asked the United States to itemize its U.S. $2,200,000 bill on the U.S.S. Panay indemnification claims, the U.S. State Department had itemized it and forwarded it on to Tokyo. The claim, which did not include punitive damages, resulted from the bombing, machine-gunning, and sinking of the U.S.S. Panay, a Yangtsze patrol gunboat, by Japanese forces on December 12, 1937. Four persons were killed, many wounded. A number of the more seriously wounded are still undergoing hospitalization in Shanghai, Manila and in the United States. Shortly after the sinking of the gunboat the Japanese Government accepted full responsibility for the incident and promised a prompt financial settlement, a move which was credited with doing much to relieve the tension between the two countries at the time.

Britain's Claim £300,000

He was unable to give exact figures, said R. A. Butler, Under Secretary of State for Foreign Affairs, when he was asked recently to state the Japanese Government for compensation for war damage filed by Britons with the British Consular authorities in China. The details of the claims had not been finally determined, Mr. Butler declared. According to reports which had reached him, however, the total amount at present was in the region of £300,000.

Millions of people all over the world wear

Bata

Shoes

Too Tired For Anything

Many Women Are Like This.

It is a regrettable fact that there are women all over the world verging on despair due to a constant state of ill-health.

The root cause of the trouble in many such a cases is anaemia, for when the blood is impoverished it is lacking in those elements essential to the welfare of the whole nervous and muscular structure of the body.

The anaemic woman is generally weak and thin, and subject to headaches and back pains which make the routine tasks, as well as the pleasures, of every day life a constant burden to her. Loss of weight is a common symptom, whilst insomnia further undermines her health, nervousness, poor appetite and depression afford further evidence of a weak, scanty blood stream, and unless something is done to arrest the decline permanent ill-health will result.

A change of air will prove beneficial, and rest will help to strengthen her nerves, but the way to obtain lasting benefit is to build up the blood making it rich red and plentiful, for which purpose there is nothing better than a course of Dr. Williams Pink Pills, renowned for more than fifty years as a splendid tonic for blood and nerves. With the rich new blood, which these pills create, flowing in the veins, there comes a zest for living, appetite improves, the figure fills out, colour returns to the cheeks and lips, and sparkling eyes reflect the body's vibrant health.

Dr. Williams' Pink Pills are equally good for run-down, over worked men. They are obtainable at all chemists.

A.B.C. PRESS, SHANGHAI

Printing
in all its Branches

Your work
should bear
our imprint

BACK ISSUES WANTED

We will pay one dollar each for copies of the following issues.

Vol.	31,	No.	4	Dec.	27, 1924
Vol.	31,	No.	11	Feb.	14, 1925
Vol.	34,	No.	4	Sept.	26, 1925
Vol.	44,	No.	9	April	28, 1928
Vol.	57,	No.	7	July	18, 1931
Vol.	59,	No.	6	Jan.	9, 1932
Vol.	60,	No.	3	March	19, 1932

Please mail with statement to

THE CHINA WEEKLY REVIEW

160 Avenue Edward VII

Shanghai

New Books of Interest in the Far East

Chamberlin's False Utopia

A False Utopia. Collectivism in Theory and Practice. By William Henry Chamberlin. Duckworth, London. 1937.

This book, despite its title, deals but little with collectivism —the public ownership of the means of production. Its main theme is the system of oligarchic State control over economy established by the present rulers of Russia, Germany, and Italy. It contrasts conditions in those states with conditions in democratic countries,—the comparison, of course, considerably favoring the latter. The author points out the essential similarities, far more important than the differences, between the leading Bolshevist and Fascist regimes, and shows what they mean in misery and privation to the common man, and loss to civilization in general. Though he tends to exaggerate unduly the glories of democratic countries for the workers—even for the unemployed!—and omits some factors worthy of consideration in regard to Soviet Russia, the comparison between the two groups of countries—democratic and dictatorial—is in general excellent.

The real characteristics of the "personal rule established by Stalin, Hitler, and Mussolini," with their subordinate parties and bureau-cracies exercising unchecked power over their subjects, are well outlined by the author. These governments, Chamberlin emphasizes, are in no way socially controlled or directed, in no way responsible to the public. No representative organs exist in their territories, on legal method by which the public may express its wishes or protect or further its interests. The Soviet Government, of which most is said, represents "the dictatorship of the Communist Party over the Russian people, the proletariat included, and of a small ruling group over the rank-and-file of the Communist Party." It extracts "surplus value" from the Soviet workers both through the profits of State industries and through enormous profits on turnover between factory and consumer.—"a means of transferring money from the pockets of the workers to those of the bureaucrats and the Army." Regarding the farmers, "the economic position of the whole Russian peasantry is that of share-croppers, with an all-powerful state as landlord."

"Surplus value," says the author, is extracted "for the upkeep of the Army, for the financing of the high construction costs of new military and industrial plants, for the payment of the salaries of a swollen bureaucracy, and for the luxurious motor cars, summer villas and rest homes, and special trains and cars which are part of the perquisites of office for the higher Soviet bureaucracy." The "true beneficiary of the Russian Revolution is not the manual working class as a whole, still less the people as a whole, but the military, police, political, and economic bureaucracy that is firmly entrenched in the seats of power. Some of the members of this bureaucracy are ex-workers, and some are not. But none of them will ever work with their hands again so long the as present regime survives." As for the Soviet worker, he "has no more voice in choosing (his) manager than a laborer in one of the mills of the United States Steel Corporation enjoys in selecting his boss. Like the aforesaid steel worker he is paid a wage, and with this his claims on the factory end. He is not entitled to any share in its profits."

No Public Control System

Such a system, obviously, is the very reverse of "public" ownership. There is no system whatsoever of public control over these landlord-capitalist States. The Oriental despotism outlined on Mr. Chamberlin, indeed, could never have been rationally expected to devote its privileged position to the abolition of privilege and the establishment of social and political democracy,—there is no historical precedent whatsoever for any absolute despot or ruling class purposely organizing the means of its own destruction. This, indeed, was pointed out to Mr. Chamberlin more than ten years ago,—to his amusement at the time, as he was then obsessed by the "achievements" of Soviet Russia. Since then he has come to see the Soviet regime with somewhat different eyes—particularly since the great famine of 1932-33.

But though making it emphatically clear that there is no social or public control whatsoever over the Bolshevist and Fascist Governments, Chamberlin for some obscure reason declares them to be "collectivist." He does not explain how "public" ownership can possibly be reconciled with such political orders as he describes, but simply asserts that the nature of the "collectivist state" is found in "the very large common denominator of identical administrative practice which may be found in the Soviet Union, Germany, and Italy today." He gives no explanation of why he considers these states "collectivist."

Mr. Chamberlin progresses, through his little book, in a series of curious dialectics—a methodology evidently a product of his stay in Russia. In a most appealing introduction he declares that "the most important issue which confronts civilization in the present century is that of democracy versus dictatorship"—an eminently sound statement which was true of the nine-tenth century as well. At the beginning of the third chapter, however, he quietly expands his original issue to "individualism and democracy against collectivism and dictatorship," though not elucidating this curious and incongruous grouping. By the seventh chapter, the author has quietly dropped the original elements of his issue, which has become "individualism against collectivism;" collectivism itself becomes "socialism." The original examples, however, continue. The "individualist" States cited by Mr. Chamberlin are the countries where popularly controlled governments show the greatest interest in State housing, in State provision for the unemployed, in State social and welfare work of various kinds. Socialist France, Danmark, and Sweden, the British Government with the greatest program of State housing ever put into actual practice anywhere, the United States with its big public works program and unemployed relief, are Mr. Chamberlin's star examples of "individualism!" Soviet Russia, where there is—by Chamberlin's own statements—no public control of governmment whatsoever, but purely a system of proprietary government in which an oligarchic State is absolute owner and controller of all economic life, is Mr. Chamberlin's star example of "socialism!"

Presents Argument, Drops it

Mr. Chamberlin is not ignorant of the dictionary meaning of Socialism, or the program and aims of the Socialist parties of the world. He presents the position of the latter quite clearly: "Political democracy can only be real and permanent if it is supplemented by economic democracy, i.e., by the transfer of the basic means of production, big industries, banks, mines, railways, natural resources, etc., from private to public ownership." But having presented this argument, he coolly drops it. After a courageous and victorious battle with the ghost of Karl Marx, whom he successfully convicts of having failed to prophesy some of the economic developments of the twentieth century, Mr. Chamberlin explains that "by socialism I do not, of course, mean . . . measures for public . . . ownership and operation of railways, utilities, markets, and other enterprises. Such measures have been and may be enacted in any democratic state where the majority of the voters are convinced of their expediency." In other words, when he says "socialism" he does not mean "socialism" as defined by the dictionary, or as set forth by Socialist parties throughout the world. He means the "socialism" of Mr. Stalin's "Communist Party," or of Mr. Hitler's "National Socialist Labor Party!" Apparently, also, that of Mr. Mussolini's Fascist Party, though the Italian dictator dropped all pretense to being a Socialist twenty years ago! The fact that Russia, Germany, and Italy, before being plunged into the abyss, contained long-established Socialist parties, representing and including great numbers of the people, and that all three dictators alike have outlawed, murdered, jailed, torturde, or exiled the Socialists of their respective countries—excepting only such minority Socialist groups or individuals as supported and paid homage to the new rulers,—this fact is not stressed by Mr. Chamberlin, and does not disturb him. He does not remark that the Socialist groups were far the most important of the political groups against which the dictators directed their machinery of murder and terror, which each saw as his most dangerous enemies. (Mr. Chamberlin doesn't like the Socialists either.)

The author's evident confusion of thought is due to his failure to realize that the problem of power is of more fundamental importance than the problem of wealth and of economic organization. A royal monopoly for the exploitation of its subjects may look "socialistic," but its object is the very reverse of what is known today as public ownership. It is only when the nature of the state is itself changed, as it has been by the democratic revolutions in Britain, America, France, and elsewhere—only when government is transformed from an autocratic master to a controlled public servant, and functions as a responsible organ of society as a whole,—that "Government" ownership can be regarded as "public" ownership. Chamberlin himself says, in speaking of the complete lack of economic or civil rights by the Soviet workers, that "it is questionable whether the Soviet worker, under the present system, feels or can feel any very lively sense of ownership in regard to the factory where he works." (P. 93.) If the author will consider the real significance of such facts as this, which he himself cites, he will be able to generalize more successfully and convincingly, and not speak of "public" ownership where there is none. It is evident that the political organization of Bolshevik Russia, as described by Mr. Chamberlin, is wholly incompatible with anything which may be properly described as "social" or "public" ownership and control; and this is necessarily true of other absolutist regimes as well. As for citing the measures taken by democratic States, in aid of their poorer citizens, as examples of "individualism," this would appear to be simply absurd—unless Mr. Chamberlin wishes to revise the dictionary completely! There is, however, no glossary in the book explaining the special and unusual meanings which the author attaches to some of his words.

This is particularly necessary when the author uses words in a wholly different sense than one or two years previously. In an article in the magazine "Asia," written two years before the present work, Mr. Chamberlin "suspected" that "Russia will stop . . . some distance short of socialism." He added that "the system that is taking form in Russia today seems rather to deserve the label 'state capitalism'," and emphasized that Russia was moving still further away from social equality. There is nothing whatsoever in the present book to show why the author has so completely

transformed his interpretation of the word "socialism," and of what is going on in Russia. Some readers, of course, may point to Mr. Chamberlin's repeated shifts of viewpoint in previous years —in relation to democracy, to Bolshevism, to Soviet Russia, to socialism, etc.—and suggest that he is at least consistent in being unexpected.

H. H.

Two books, one by a citizen of China and the other by an American resident of China, were listed as "best sellers" in the United States, according to a report in *Time Magazine* for March 7. The book by a Chinese was Lin Yu-tang's "The Importance of Living." The other was Edgar Snow's "Red Star Over China."

Japanese May Intercade in Kailan Miners Strike at Tangshan

A report through *Domei* from Tientsin on April 6 stated that the strike of 10,000 workers in the coal mines of the Kailan Administration had become so serious that the Japanese authorities might intercede in an attempt to settle the trouble. It was claimed that the seizure of the power plant had disrupted the pumps causing the water to rise in the galleries. It was also claimed that several villages in the vicinity had been seized by strikers who are carrying rifles or spears. The Japanese report stated that suspension of coal supplies would gravely affect the operation of Japanese-controlled railways and factories in North China. A report through *United Press* stated that the strike was continuing to spread.

A *Reuter* report from London on April 6 stated that the British Government had made "frequent representations" to the Japanese authorities with a view to the protection of British interests in North China and the maintenance and preservation of treaty rights. Matters dealt with, according to R. A. Butler, Under-Secretary of Foreign Affairs, included the Chinese Customs Administration, proper application of tariffs, currency and the institution of monopolies.

A *Domei* message from Tokyo on April 6 stated that officials of both the "Reformed" and "Provincial" governments of China had agreed that Peiping should control the Customs.

Two Japanese Newspapermen Injured on Honan-Shansi Front

Masato Watase and Naokichi Hoshihama, staff correspondents of the *Osaka Mainichi*, who were covering the Morimoto and Yamada units operating in Honan and Shansi, were seriously wounded on May 31. The report stated that both correspondents "had joined the Japanese troops in fighting the enemy," when Watase was shot through the breast and right hand and also wounded in the thigh by a hand-grenade, while Hoshihama was wounded in the brease and both legs. They were taken to Shechow, Honan for treatment in the base hospital. The paper has sent to correspondents to Honan to replace the wounded men.

The wounding of these correspondents raises the number of casualties among Japanese newspapermen to 12, of whom six were killed and six wounded. A full report on the subject appeared in our issue of Feb. 12 showing that Japanese newspapermen not only accompany the troops but frequently carry arms and participate in the fighting.

The Health Aid

For Children of All Ages.

Is it safe?-the first thought that occurs to a mother when considering the best medicine for her baby. There are other important qualifications for a children's medicine; it must, of course, be effective, it must leave no ill after-effects, it should be easy to give.

The medicine for infants and little children which fully meets these and other requirements is Baby's Own Tablets.

These tablets are the prescription of a British medical child specialist, they are absolutely pure and may be given with perfect safety to the youngest infant in arms. Being pleasant in taste they are easy to give, whilst the tablet form ensures accuracy of dosage.

For over forty years mothers in many parts of the world have relied solely upon Baby's Own Tablets to correct the minor health troubles of their little ones. You, too, can rely on Baby's Own Tablets for your child's indigestion, constipation, vomiting, simple fever, colds and croup, to expel worms and relieve the pains of teething. They are obtainable at all chemists.

BABY'S OWN TABLETS.

If you are SATISFIED

with

The China Critic

(中國評論週報)

WHY NOT GIVE YOUR RELATIVES AND FRIENDS

THE SAME SATISFACTION?

BE A "CRITIC BOOSTER"!

Subscribe Now! - - - - - Do it yourself!

"Subscribe to the Critic" - - Pass the word!

Subscription Rates for one year

(Including Postage)

China ..... **C.$7.00**

Other Countries ..... **G.$5.00**

THE CHINA CRITIC

(中國評論週報)

桂中樞 C. S. Kwei, *Editor* | 朱少屏 P. K. Chu, *Business Manager*

191 Carter Road, Shanghai, China Telephone 31164

Impending Konoye Resignation Denied; Parties Form Bond

Rumors of the impending resignation of Premier Prince Ayamaro Konoye were denied in Tokyo April 9 by Admiral Nobumasa Suetsugu, home minister. "Prince Konoye," the fiery Minister said, "has no intention whatsoever of resigning." A similar denial was made by Marquis Koichi Kido, minister of education and public welfare and an intimate friend of the premier. "Prince Konoye," Marquis Kido declared, "is the best available statesman to pull Japan through the current situation."

Close co-operation between the Minsrito and Seiyukai, the two leading political parties in Japan, was pledged by their leader at a meeting last week convoked by Mr. Chuji Machida, Minseito President. It was a matter of gratification, Machida said, that the 73rd session of the Diet had been concluded successfully, "thanks to the hearty co-operation between the Seiyukai and Minseito." Previous to the meeting it had been reported in informed circles that members of the two parties would discuss action to be taken to squelch the ending movement in favor of the merger of existing parties into a single strong national party.

The Seiyukai was represented by seven leading officials, including Ichiro Hatoyama, Yonezo Mayeda, Toshio Shimada, Chikuhei Nakajima, minister of railways and Japan's "airplane king," who recently rejected a proposal that he become a leader in the new party movement; Kiroku Ohguchi, Zembei Horikiri and Shigemasa Sunada. Conferees representing the Minseito were Machida. Matajiro Koizumi, Ryutaro Nagai, Minister of Communications; Keikichi Tanomogi, Dr. Gotaro Ogawa, Magoichi Tawara, Yukio Sakurauchi and Tadao Oasa.

Five rioters were arrested in Osaka last week by the police, after a crude tear gas bomb brought a meeting of the Social Masses Party to an adrupt and panicky halt. As the crying audience streamed into the street, it was showered with thousands of hand-bills denouncing the proletarian party. The Social Masses Party was accused by its critics of veering 180 degrees from Leftism to Fascism.

Radio Registration, Postal Ban Annoys Shanghai

Radio stations, both Chinese and foreign, are marking time, making no definite moves as yet in any direction with regard to notifications received April 8 from the "Radio Superintendent's Office" requesting registration. No less vague than the identity, of this newly-organized bureau is the position of local radio broadcasting stations. Prior to the complete surrounding of the two foreign-administered areas, the stations were registered with the Ministry of Communications while those in the French Concession were required to take out licenses issued by the police. Since then, stations have not been interfered with by either Japanese authorities or the "Ta Tao government."

The notifications which requested the usual details of the stations and their operation were not signed, bearing merely a stamp of the office in Chinese and English and giving its address as Room 316, Hardoon Building. It will be recalled that while foreign stations in Shanghai's foreign-administered areas operated under permits issued by the Ministry of Communications, they retained independence with regard to the material for the broadcast.

Newspaper Banned Four Times

Growing apprehension was evident in Shanghai this week as the result of the banning of the Shanghai Evening Post & Mercury for the fourth time by Japanese censors in the Shanghai Post Office. In no instance was any notification given, any explanation vouchasfed, or any postage refunds made. United States Consul-General C. E. Gauss sent protests to Japanese authorities in regard to the postal ban on the newspaper.

Boycott of British Ships Urged

Handbills urging that Japanese longshoremen refuse to land cargoes brought to Yokohama by British steamers were scattered by an unidentified person in a tugboat in the harbor last week. This would be a way to establish peace in the Far East, the handbills said. The handhills are signed by Katsukichi Iwakawa, chairman of the "Japan Industrial Army's Prefectural Association in Kanagawa." A large number of similar bills was sent to Kyoto and Osaka. The matter was reported to the Home Office by prefectural government authorities.

Japanese Police Official for Shanghai Named

Chikayuki Akagi, chief of the Document Section of the Overseas Affairs Ministry, has been tentatively selected by the government as a candidate for service as Special Deputy Commissioner of the Shanghai Municipal Police. The selection was made following the Shanghai Municipal Council's acceptance of the Japanese proposal for the appointment of another high-ranking Japanese officer in the police force. After graduation from the Kyoto Imperial University in 1921, Akagi entered the Civil Service, soon becoming Chief of Police of the Kochi Prefectural Government. He was transferred to his present post in 1932.

Japanese Say Council's Reply Unsatisfactory

The Shanghai Municipal Council was formally notified last week by the Japanese consular authorities here that its stand on increased Japanese participation in municipal administration was regarded as unsatisfactory. The notification was contained in a letter handed personally to C.S. Franklin, Chairman of the Council, by Consul-General Shinrokuro Hidaka. The letter voices Hidaka's appreciation of the "careful consideration" given by the S.M.C. to the Japanese requests, but regretted the Council's refusal to accede to some of the proposals.

The letter said the Japanese authorities expected the Council to reconsider its position and "to meet our desires fully when the present tense situation is mitigated" and the Council's financial condition is improved. Appended to the letter was a list of requests for changes in the municipal police force.

These included:

1. Immediate appointment of a Japanese officer as a Special Deputy Commissioner, who shall be next in rank and status to the Commissioner of Police and have the authority to command and supervise the whole Japanese staff and to participate, representing Japanese interests, in the general administration of the Municipal Police.
2. Immediate appointment of a Japanese officer as an Associate Divisional Officer in the "C" Division (Hongkew) who shall have the rank of Assistant Commissioner.
3. Appointment, "as soon as possible" of another Japanese officer, with the rank of Assistant Commissioner, as Associate Divisional Officer in the "D" Division (Yangtszepoo).
4. Hope was also expressed for the appointment of Japanese officers in charge of police stations having to do with Japanese interests.

Manchukuo's Oil Plant Burned

Two of the new installations of the Manchurian Petroleum Company, located at Kanchingtze, near Dairen, were completely destroyed by fire on April 11, according to a Domei report from Dairen, stating that the fire started on the afternoon of April 10 and was not extinguished until this afternoon. The extensive installations of the Manchurian Petroleum Company were constructed following the action of the Japanese authorities in expelling the foreign oil companies from the Manchurion provinces. The installation at Dairen included extensive refineries in addition to storage facilities. The Japanese purchased crude oil in Mexico, United States and Netherlands Indies which they refined in the Dairen plant for the Manchurian market.

Memorial Service for More Japanese Soldiers Killed in China

The Japanese military authorities have announced that posthumous honors for an additional list of 4,500 officers and men will be announced on April 24. They will include men killed between the opening of the conflict and Oct. 15 last year. O those honored, 800 were in the naval forces. The souls of the dead officers and men will be enshrined in the Yasukuni Shrine.

SWAN, CULBERTSON & FRITZ

Investment Bankers

and Brokers in Securities and Commodities

Daily New York and London Stock Exchange Service

Sassoon House **Telephone 11200**

How Do You Greet The Day?

Do you awake in the morning feeling fit and energetic and in a cheerful frame of mind or does the thought of the daily routine worry and depress you?

The reason for the difference in outlook generally lies in the matter of regularity of the daily habit, for when waste matter is allowed to accumulate in the intestines, biliousness, liverishness, sick headache, pimples and boils, bad breath and a host of similar ills follow.

To maintain regularity and thereby to keep happy and healthy, there is nothing better than an occasional dose of Pinkettes. These dainty little allvegetable laxative pills are mild yet sure in action, they neither gripe nor purge but stimulate the eliminative organs in a perfectly natural way.

Pinkettes cleanse the food tract, dispel constipation, aid digestion, correct biliousness, purify the breath, clear the skin, help to relieve piles. From chemists everywhere.

A HELPING HAND NEEDS A HELPING HAND

From the time of its inauguration last October to April 9th this year, the Shanghai International Red Cross has among other things allocated and spent $1,011,047 for caring of refugees, $168,308 for medical aid and supplies, $164,295 for work among wounded soldiers and $22,500 for relief work in Nanking. Though these are large sums, they have merely met the needs of a portion of the huge population made penniless by the war.

Since March, 1938, the Shanghai International Red Cross has been authorized to extend the scope of its relief program into "other parts of China as the need may arise and resources may permit." Inview of the size of the war-stricken areas, particularly in the lower Yangtze region, where millions of homeless people require immediate help, it is feared that the Shanghai International Red Cross will need a considerable income every month to carry on this additional relief burden.

The people in Shanghai have done their utmost to support the refugees while other local resources are already heavily taxed. In view of this desperate situation, the Shanghai International Red Cross feels that unless increasingly large donations can be secured from friends in outports and abroad, it will soon find it impossible to continue its work.

Will you extend a helping hand in this humanitarian work? If so, please sign your name below and send your donation today.

.....

To the Shanghai International Red Cross,
505 Honan Road, Shanghai.

Desiring to have a share in assisting the multitudes of war refugees in Shanghai, I hereby enclose a check (or postal money order) for Dollars.....as my donation to the Shanghai International Red Cross.

Name.....
Address.....

WOULD 200 PERSONS BE INTERESTED

In a day-to-day record of the "Undeclared War" on the Shanghai and Peiping fronts since the beginning—July 7 in the north, July 24 at Shanghai?

THE CHINA WEEKLY REVIEW has published in its weekly issues a complete day-to-day record of the war. Recently many persons have suggested the reprinting of the record in a booklet which could be used for reference or mailed to friends abroad who are interested in developments here. The first volume, according to present plans, will cover all phases of the war from the beginning to Jan. 2, 1938 when the Japanese peace terms were presented through the German Ambassador.

The booklet will answer most of the questions about the struggle: When and how it started; Names of chief leaders: early efforts to localize and prevent from spreading; how it started at Shanghai; how it became general after Sept. 1; estimates of value of property destroyed; Yarnell policy; Fall of Nanking and Japan's peace terms.

Would 200 persons be interested in obtaining copies (5 ins. X 7 ins., approximately 150 pages) at a cost of $2 each, including postage? If so, this would enable us to proceed with the work. Please fill out the attached form and mail at once:

.....

THE CHINA WEEKLY REVIEW
160 Avenue Edward VII
Shanghai

Please reserve for the undersigned....copies of the day-to-day record of the war at a cost not to exceed $2.

Name .....
Address .....

When you buy an "8"

to save money

IT'S NEWS!

For years, only the biggest, most costly cars had 8-cylinder engines. When the Ford V-8 engine was first introduced, people welcomed the finer performance that 8 cylinders provided, but kept their fingers crossed on economy. It somehow seemed as if 8 cylinders **had** to use more gasoline.

But the news spread that Ford V-8 cars were giving just as good gas mileage as cars with fewer cylinders that did not offer 8-cylinder advantages. **Good design,** not number of cylinders, determined economy. By last year, **four million** people had stepped up to the 85-horsepower V-8 class. Then the slightly smaller 60-horsepower Ford V-8 engine was introduced.

Reports soon rolled in from owners in U.S.A. averaging **22 to 27 miles on a gallon of gasoline.** More than any of a long line of economical Ford cars had ever given! A new standard of economy —a low price—and the smoothness of 8 cylinders! That was NEWS!

America bought 300,000 Ford V-8 "60s" the first year and is still buying. If you'd like to know why—if you'd like to save money **all** ways—see and drive the 1938 version of this thrifty, modern car.

Ford

THE "Thrifty Sixty" FORD V.8

中華郵政特准掛號認爲新聞紙類

Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China